

ORDINANCE NO. 2015-12

**AN ORDINANCE OF THE CITY OF MONTGOMERY, TEXAS
ADOPTING AN OPERATING BUDGET FOR THE FISCAL YEAR 2015-2016.**

WHEREAS, applicable law requires the City of Montgomery, Texas to adopt a budget for the fiscal year 2015-2016; and

WHEREAS, a budget has been prepared for the fiscal year 2015-2016 as set forth in Exhibit "A" hereto and

WHEREAS, notice having been first given in the manner provided by law, the City Council conducted a public hearing upon such proposed budget; and

WHEREAS, the City Council has considered the proposed budget and made such changes as it considers warranted by law and in the best interest of the municipal taxpayers:

THEREFORE, BE IT ORDAINED by the City Council of the City of Montgomery, Texas:

Section 1. That the budget, including estimated revenues and proposed expenditures within the General Fund and each Special Fund is hereby approved and adopted as the Municipal Budget for the Fiscal Year beginning October 1, 2015 and ending September 30, 2016.

Section 2. That the monies set out within each fund are hereby appropriated out of each such respective fund for the payment of expenses lawfully attributable to such fund, all as itemized in the budget.

Section 3. That the budget may be amended from time to time as provide by law for the purposes of authorizing emergency expenditures or for municipal purposes, provided however, no obligation shall be incurred or any expenditure made except in conformity with the budget.

Section 4. That the City Administrator may, at any time, transfer any unencumbered appropriate from one line item to another line item within the same department, provided however, that no unencumbered appropriation may be transferred from one department to another except upon the express approval of the City Council.

Section 5. That the Mayor of the City of Montgomery, Texas, be, and is hereby authorized to execute the Ordinance on behalf of the City of Montgomery, Texas and the City Council.

PASSED THIS THE 8th day of September, 2015.

CITY OF MONTGOMERY, TEXAS

Kirk Jones
Kirk Jones, Mayor

ATTEST:

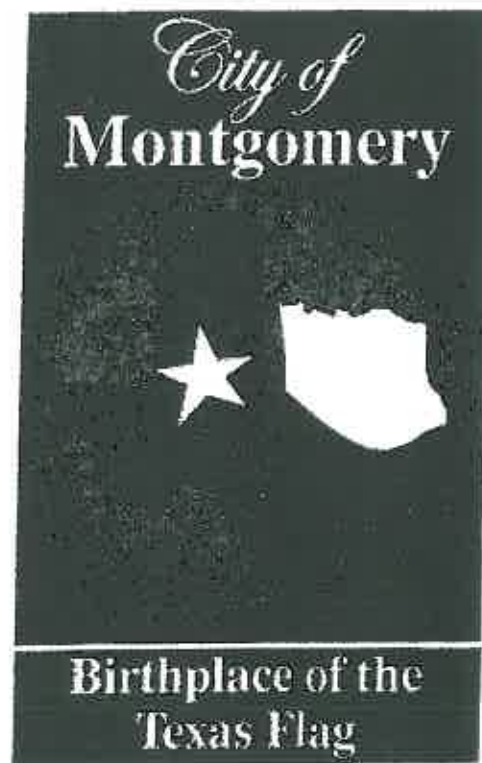
Susan Hensley
Susan Hensley, City Secretary

APPROVED AS TO FORM:

Larry Foerster
Larry Foerster, City Attorney



City of Montgomery



FY 2016 Annual Operating Budget

HB 3195 Notice

"This budget will raise more total property taxes than last year's budget by \$72,499, and of that amount, \$12,910 is the tax revenue to be raised from new property added to the roll this year."

CITY OF MONTGOMERY

FY 2015 OPERATING BUDGET

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City of Montgomery

Mayor and Members of the City Council

Mayor
Kirk Jones
Term: 2015-2016

Jon Bickford
City Council Member, Position #1
Term: 2015-2017

John Champagne
City Council Member, Position #2
Term: 2014-2016

T.J. Wilkerson
City Council Member, Position #3
Term: 2015-2017

Rebecca Huss
City Council Member, Position #4
Term: 2014-2016

Dave McCorquodale
City Council Member, Position #5
Term: 2015-2017

Administration

Jack Yates
City Administrator

Susan Hensley
City Secretary

Jim Napolitano
Police Chief



City of Montgomery

FY 2016 Annual Operating Budget

Introduction

This document has been prepared to help you learn of the issues affecting the City of Montgomery. The most obvious function of a city budget is to provide a **financial plan** for the coming year. The City of Montgomery's budget is no exception, and as such contains applicable financial schedules and statistics. Financial plans cannot be prepared without defining what the organization intends to accomplish and how it intends to go about reaching its goals. The *FY 2016 Annual Operating Budget* serves as a **policy document** that presents the major policies governing the management of the City. It is also an **action plan** the give the public, elected officials, and city staff information about what the City is doing and how efficiently it is being done. Finally, the *FY 2016 Annual Operating Budget* is intended to be a communications tool, formally transmitting the City's financial and operating plan for the coming year. It should be noted that all prior year numbers reflected in this document are unaudited numbers as of the time of this publication.

Format

The *FY 2016 Operating Budget* is divided into three major sections: *Introductory*, *Financial/Operational*, and *Appendices*. The Introductory section contains the Mayor's letter addressed to the City Council that explains the major policies and issues that affected the development of the *FY 2016 Annual Operating Budget*. This section also contains a chart showing how the City is organized, and a financial schedule summarizing the budgeted financial activity for all of the City's funds.

The Financial/Operational section of the *FY 2016 Annual Operating Budget* is grouped first by fund and then, if applicable, by department. Like most local governments, the City uses funds to account for its financial activities. A fund is simply a device to segregate and account for public resources. Financial statements, including the adopted 2016 budget are presented for every fund. Like the checking account statement you receive from your bank, these statements show beginning balances, revenues, expenditures, and ending balances for each year. Accompanying the statements are narrative discussions of each fund's financial activity for the prior year and the expected activity for 2015. Graphs and schedules have also been provided to help make certain points clearer.

Funds are divided into departments or projects. Each department's section contains a brief statement describing the department's mission, a list of the department's accomplishments in 2014, and a discussion of what the department hopes to accomplish in 2016. Additional information is included in the accompanying appendices, such as a Glossary of Terms, and a breakdown of the bond debt service.

Should you have any questions regarding the information presented in this document, please contact City Hall.





Dear Citizens of Montgomery:

In compliance with state law, the City's code of ordinances, and good management practices, we are pleased to submit the *FY 2016 Annual Operating Budget* for the City of Montgomery. This budget has been developed with the goal of providing a wide range of quality services and maintaining the quality of life for the citizens of the City of Montgomery.

The budget is a statement of policy, a management and planning document, a financial report, and a means of communication with the citizens of Montgomery. It reviews past accomplishments, identifies future needs, sets objectives for the coming year, and defines the purposes and resources to achieve those objectives.

Budget Preparation –The City begins preparing the projections and estimates needed to compile the Budget in April. Department heads meet with the City Administrator to review their goals, objectives, and financial needs for the coming fiscal year. A public hearing on the proposed budget will be held on August 11, 2015 and the FY 2016 budget and 2015 tax rate will be considered at a meeting of City Council on August 25, 2014.

Financial Policies – An annual budget cannot be prepared without first determining where the organization intends to go and how it intends to get there. The budget is the City's policy statement. It represents priorities for the expenditure of public funds. With this in mind, this budget has been created with recognized and adopted standard municipal financial guidelines.

The city staff is to be commended for their work in creating and preparing this budgetary document. Also, the guidance and support of the City Council in providing direction and assistance in the budgeting process is very much appreciated. Thanks to these efforts, the citizens of Montgomery's quality of life will be protected as the City continues to grow. We are happy to report to our residents and bondholders that on December 10, 2013 Standard and Poor's upgraded the City's credit rating three notches to "AA" based on the "strong economy, very strong budgetary flexibility, strong budgetary performance, very strong liquidity, strong management, very weak debt and liability profile, and strong institutional framework."

Kirk Jones
Mayor

Jack Yates
City Administrator



ACKNOWLEDGMENTS

Once again, it is important to recognize the dedication and exceptional service provided by the Department Heads and their staff. Those department heads include Chief of Police Jim Napolitano, City Secretary Susan Hensley, Public Works Foreman Mike Muckleroy and Municipal Court Administrator Becky Lehn.

Also, special acknowledgment and consideration goes to the City Council, City residents, members of the appointed boards and commissions, The Larry Foerster, City Attorney, Cathy Branco of Municipal Accounts, and all City employees for their hard work and devotion to the City of Montgomery.

CITY INFORMATION AND AREA DEMOGRAPHICS

Location and History

Founded in 1837 and recognized as the birthplace of the Texas Lone Star Flag, the City of Montgomery and the surrounding area is rich with historical sites where events occurred that have shaped the history of the City.

Prior to 1837, Montgomery was a trading post situated a mile north of the City's present site. Owen and Margaret Montgomery Shannon, colonists with Stephen F. Austin, had settled on their grant of land and traded with the Indians. In July of 1837, an ad in the *Telegraph and Texas Register* advertised the sale of lots in the newly-organized town of Montgomery. The article stated that a new county was expected to be created and Montgomery, from its central position, would be selected as the seat of justice. Montgomery remained the seat of government until 1889, when the records were moved to Conroe.

In its early days, Montgomery was the trade center for a large farming area, where stagecoach, railroad, and telegraph lines crossed. Civic and religious organizations came early to the City, as well as the first school in 1839. In 1848, the City of Montgomery was officially incorporated, and in 1842, the first Protestant parsonage in Texas was built here.

In the 1850's, Montgomery experienced a building boom. Some of the fine homes built at that time remain today with descendants of the original owners or early owners occupying them. The Civil War stopped much of the progress in the City, but by 1900, numerous mercantile establishments were in business, as well as three cotton gins, railroads active with freight and passengers, five hotels and boarding houses, doctors, dentists, and lawyers. However, with the railroads bypassing the City, and the county seat moving to Conroe, Montgomery reverted back to the little town it is today – quiet, peaceful, and rich in history.

Today, Montgomery is a small and friendly community of approximately 800 residents, and is located in the scenic countryside of west Montgomery County, intersected by Highways 105 and 149. Known for



its large assortment of antiques and crafts stores, Montgomery enjoys a relaxed small-town atmosphere, but due to its close proximity with Conroe, The Woodlands, and Houston, the City is poised for significant growth in the coming years.

Climate

Median January Low Temperature	39.4 °F
Median July High Temperature	94.4 °F
Average Relative Humidity	59.5%
Average Annual Precipitation	41.3 inches

Population

	1990	2000	2010	2015
Montgomery	356	489	621	800
Montgomery RTA	N/A	24,822	40,837	45,799
Montgomery County	182,201	293,768	455,760	508,162
Houston MSA	3,321,911	4,715,407	5,920,416	5,870,615

Note: RTA means Retail Trade Area as defined in Retail Coach Study, 2013
MSA means Metropolitan Statistical Area

Unemployment

	2005	2010	2015
Montgomery County	4.6	7.3	4.1
Houston MSA	5.3	8.2	4.8
Texas	5.6	8.4	5.1
USA	5.1	9.6	6.1

Education

Montgomery ISD:	1 senior high school
	1 junior high school
	1 middle school
	1 intermediate school
	4 elementary schools

Higher Education:

Montgomery County	Lone Star College-Montgomery, The Woodlands
	The University Center, The Woodlands



Area Colleges

Prairie View A&M University, Prairie View
Rice University, Houston
Sam Houston State University, Huntsville
Texas A&M University, College Station
Texas Southern University, Houston
University of Houston, Houston
University of St. Thomas, Houston

Utilities

Electric Power:	Supplier	Entergy
Natural Gas:	Supplier	LDC, Centerpoint
Water Supply:	Supplier Water Source	City of Montgomery Jasper and Catahoula Aquifers
Sewer System:	Operator	City of Montgomery
Telephone:	Supplier	Consolidated Numerous others

Community

Newspaper:	Houston Chronicle (daily) The Courier (daily) Montgomery County News (weekly)
Radio:	Numerous stations in the Houston area
Television:	KPRC Channel 2 (NBC) KHOU Channel 11 (CBS) KTRK Channel 13 (ABC) KRIV Channel 26 (FOX) KHTV Channel 39 (WB) Numerous cable channels
Church:	Numerous churches of various denominations
Parks and playgrounds:	4 City parks



BUDGET SUMMARY

This Budget Summary is a condensed overview of the City of Montgomery's budget for the fiscal year that begins on October 1, 2015 and ends on September 30, 2016 (FY 2016). A City's budget presents in financial terms a plan to accomplish certain objectives in a fiscal year. Budget preparation and development is an ongoing process. The City Council sets the vision and direction for the City by establishing priorities, developing proposals or projects, and providing feedback to the staff on a variety of ideas and propositions. The staff's role is to then translate that information into a financial action plan that is reviewed and reformed by the City Council.

The budget for FY 2016 is a balanced, conservative plan that maintains the City's previous commitments towards providing quality services and facilities for the citizens of Montgomery, and addresses opportunities for continual improvements. The total operating budget for FY 2016 is just over \$3.4 million. The following is an outline of some general conditions and the key components of this budget.

Basis of Accounting and Budget

The City's accounting and budgeting records for all general governmental funds are maintained on a modified accrual basis. This method recognizes revenues when they are measurable and available, and expenditures when goods and services are received, except for principal and interest on long-term debt, which is recognized when paid.

Economic Climate

While the city economy is limited primarily to residences and small retailers, residents have access to employment opportunities throughout the northern Houston MSA which is undergoing rapid economic growth. The projected per capita effective buying income is 111% of the national level. Market value, a wealth indicator is \$99,702 per capita. County unemployment is 4.1% in May 2015 which was below state and national rates.

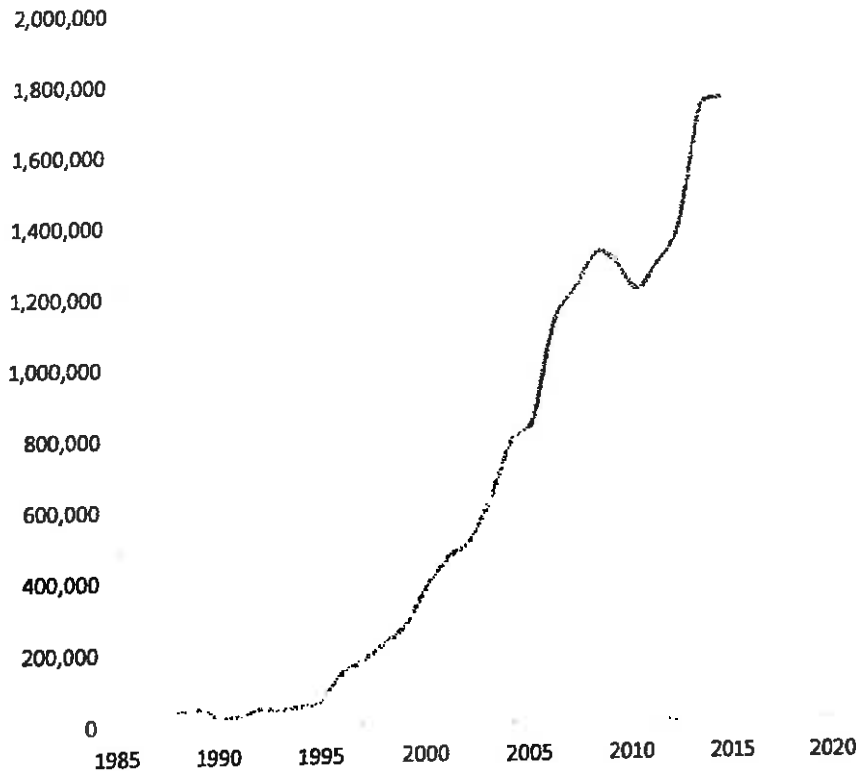
The city's tax bases have benefited from the growth occurring in the region. City sales tax collections have been essentially flat over two years ending in fiscal 2015 with \$1.34 million. Taxable assessed valuation (AV) has increased by 24.5 over two years ending in 2015 at \$125 million. The tax base is diverse with 10 leading taxpayers accounting for 23% of the AV.



Sales Tax

Sales tax is the largest revenue source for the City, accounting for nearly two-thirds of the projected revenues in the General Fund. The City collects 2% from all taxable sales within the city limits. One percent is authorized for general government use, ½ percent is allocated to the Montgomery Economic Development Corporation (MEDC), and the remaining ½ percent is designated for property tax reduction. While sales tax is a major contributor for the City's revenues, it is also highly volatile and can rise and fall unpredictably. In order to try and offset these fluctuations, the City tries to carefully forecast sales tax growth. Based upon this and projected growth rates, the City estimates that sales tax revenues in the General Fund will increase by less than one percent to 1.34 million compared to \$1.76 budgeted for FY 2014.

Montgomery Sales Tax

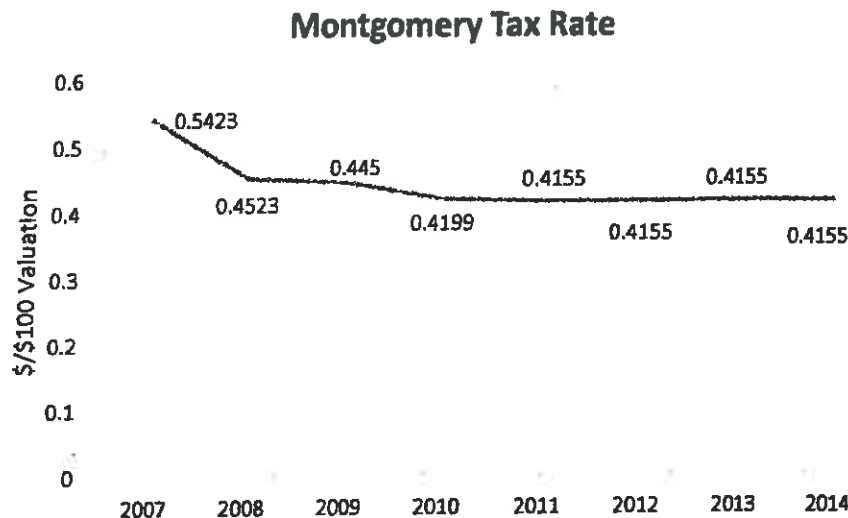


This chart shows the City's total sales tax collections since 1988. From 2004 to 2015, sales tax collections have increased by over 120%. It should be noted that on July 1, 2005, the City passed an ordinance authorizing the collection of an additional ½ cent sales tax for use by MEDC, and this revenue is transferred to the MEDC Fund on a monthly basis.



Property Tax

The property tax (also known as ad valorem tax) paid to the City is broken down into two components: Maintenance & Operations (M&O) and debt service, sometimes known as Interest & Sinking (I&S). The M&O rate is used to fund general operations of the City. Meanwhile, the debt service rate is calculated to raise enough revenue to make the payments on bonded debt for the upcoming twelve months. The proposed property tax rate for 2015 is unchanged at \$0.4155 per \$100 valuation. The revenue from this property tax is shown in the FY 2016 budget.

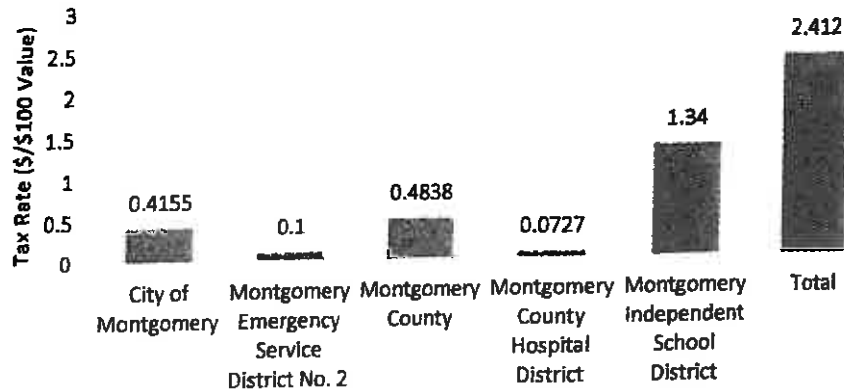


This tax rate is levied on all property within the City that is classified as real (land), improvements (homes, stores, and other buildings), and business personal property (machinery and equipment used for commercial purposes as well as business inventories). The Montgomery Central Appraisal District is charged with determining the appropriate market value for all of the property in the county, as well as maintaining records for the exemptions and deductions allowed by state law. This comprises the City's property tax roll, and the tax is assessed in October and due by the end of January. The Montgomery County Tax Assessor and Collector's office bills and collects our taxes via an inter local agreement.

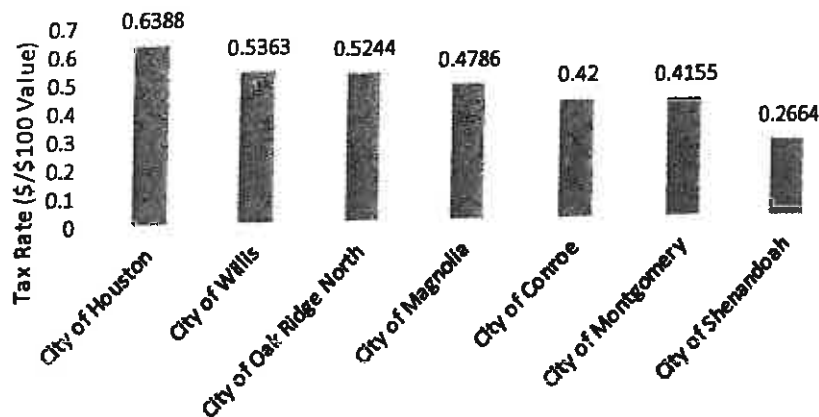
The property tax rolls for the City can be increased in several ways. First, new improvements can be built or additional personal property can be located within the City. Second, exempt property can lose its exemption through a change of use. Third, market conditions can increase the value of existing property and improvements. Finally, the City can also annex additional territory. As the property tax rolls can increase, they can also decrease if the opposite occurs in the examples listed above. In 2014 (FY 2015), the total assessed valuation (AV) for property in the City was estimated at \$95,186,853. The estimated preliminary AV in the City for 2015 (FY 2016) is \$125,466,458.



2013 Montgomery Tax Rates by Jurisdiction



2013 Tax Rate Montgomery Area Cities



The first chart illustrates the 2014 property tax rates charged by the taxing entities most applicable to residents of the City, and these rates are configured based upon \$100 of the property's assessed valuation by the Montgomery Central Appraisal District. For example, a tax rate of \$0.5000 would be assessed at 50¢ for each \$100 in value. The average resident pays property taxes to the Montgomery Independent School District, the City, Montgomery County, Emergency Services District #2, and the Montgomery County Hospital District. Also, the second chart compares the property tax rates of Montgomery with several other area municipalities.



Water and Sewer Sales

Another major revenue source for the City is water and sewer sales. The Water and Sewer Fund is an Enterprise Fund, which means that the fund operates in a self-sufficient manner to cover the operating costs associated with the water and sewer utilities. Water consumption varies each year in proportion to the amount of rainfall. Essentially, water sales tend to increase in a dry year and decrease in a wet year.

Water and sewer rates bills are invoiced on a monthly basis.. For the first 2,000 gallons the charge is \$21.50, for water in excess of 2,000 and less than 10,000 gallons the rate per thousand gallons is \$2.00 and for water in excess of 10,000 the rate per thousand gallons is \$2.25. The City charges residential sewer customers a minimum of \$12.50 for up to 2,000 gallons of water usage plus \$1.60 per \$1,000 gallons of water used in excess of 2,000 gallons. For commercial customers, the City charges a minimum of \$19.50 up to 2,000 gallons for water usage, with increasing block rates for water use beginning at \$2.50 per 1,000 gallons of use. The City charges commercial sewer customers a minimum of \$21.50 for up to 2,000 gallons of water usage plus \$2.00 per \$1,000 gallons of water used in excess of 2,000 gallons. Also, it should be noted there are different rates for institutions such as schools as well as customers located outside the city limits. Additionally, the City charges all water customers \$1.50 per 1,000 gallons of water used for a Groundwater Reduction Program implemented to satisfy regulations by Lone Star Groundwater Conservation District. Customers are also charged \$16.40 for garbage pickup, along with \$1.35 in tax.

Each year, the Texas Municipal League (TML) conducts a survey of the water and sewer rates in several Texas cities. The chart below compares Montgomery's rates to other area cities as reported in the TML survey, and these monthly rates are based on 10,000 gallons of water use. Based upon these figures, Montgomery's rates are below several area cities.

City	Water and Sewer Bill
Houston	115.54
Conroe	81.92
Willis	67.70
Montgomery	63.80
Cleveland	77.00
Oak Ridge North	91.15

Fund Overviews

The City's budget consists of many different funds, and these funds account for the various functions or projects of the government. Some revenue sources, such as water and sewer sales, are dedicated for a specified purpose, so a fund is created to record these activities. Each fund is a stand-alone operation and audited as an individual unit, and the following is a brief outline of the activity in each funds. In order to view more detailed information and figures on these funds, please see their separate sections.



General Fund

The General Fund is the City's largest fund, and finances nearly all of the City's services. This fund accounts for revenue, expenditures, and transfers associated with municipal services not directly supported or accounted for in other funds. The primary funding sources for the General Fund are taxes and franchise fees, permits and licenses, and court fines and forfeitures. For FY 2016, the budget calls for revenues and transfers of \$2,386,610 and expenditures of \$2,406,091 .

Water and Sewer Fund

The Water and Sewer Fund finances the operation and maintenance of the City's water and sewer systems, and the contracted municipal solid waste collection and disposal service. The main source of revenue for the fund is the water and sewer fees that are collected monthly from the customers of the City's systems. In FY 2016, the budget proposes revenues of \$871,788 and expenditures of \$777,977 and a transfer to Debt Service of \$125,300.

Debt Service Fund

The Debt Service Fund was established to account for the payment of principal and interest on outstanding tax supported debt. When this debt was issued, property taxes were pledged to repay the bondholders. The revenue sources for this fund are property taxes and transfers from the MEDC and Water and Sewer Funds. The proposed FY 2016 budget includes tax and interest revenues of \$272,010 with transfers from Montgomery Economic Development Corporation (MEDC) Fund of \$117,500, and transfers from Water and Sewer Fund of \$125,300 to pay expenditures of \$513,410.

Capital Projects Fund

The Capital Projects Fund was created primarily to finance the purchase or construction of infrastructure projects. Capital projects are characterized by their costs, the long operational life of the asset, and the potential impact these projects would have on a department's operating budget. The main revenue sources for this fund are bonds, grants, transfers from other funds and interest. Several large capital projects were completed in FY 2015. For FY 2016 a water line across Buffalo Springs Bridge, lift station upgrades and water meter purchase are planned from this fund.

Hotel Occupancy Tax Fund

The Hotel Occupancy Tax Fund collects taxes from hotels, motels, and bed and breakfasts located in the City. The City collects a 6% hotel tax from local bed and breakfasts. For FY 2016, the budget calls for revenues of \$1,262 and expenditures of \$0.

Court Technology Fund

The Court Technology Fund is a fund that collects revenues from court fines and utilizes these resources to finance the purchase of technological enhancements for the Municipal Court. Based upon the Texas



Code of Criminal Procedure and enabled through a City ordinance, the City created this fund that requires a defendant convicted of a misdemeanor offense to pay a technology fee not to exceed \$3.00 as a cost of the court. In FY 2016, the budget proposes revenues of \$6,010 and expenditures to equal \$7,000.

Court Security Fund

The Court Security Fund collects revenues from court fines for the purposes of providing funding for the enhancement of Municipal Court security. Also, similar to the Court Technology Fund, the City created this fund based upon the Texas Code of Criminal Procedure and via a City ordinance.. Based upon the FY 2016 budget, revenues of \$4,520 and transfers of \$2,880 to General Fund for security expenses are proposed.

Police Asset Forfeiture Fund

The Police Asset Forfeiture Fund collects funds related to assets by the Montgomery Police Department. According to state law, expenditures in this fund are to be solely used for law enforcement purposes. For FY 2016, both revenues and expenditures are projected to equal \$0.

Other Financial Structures

Besides the above operating funds, the City also maintains several other financial vehicles and accounts that merit some discussion. In the future, the City may decide to consolidate these items or close some of the accounts.

The City maintains its reserve funds with several accounts in TexPool, which is the largest and oldest local government investment pool in the State of Texas, providing investment services to over 1,700 communities throughout the state. The City holds five TexPool accounts (General, Reserve, Utility, Customer Deposits, and MEDC). These funds were placed in TexPool because this fund earns a much higher interest rate than regular banks, but can still be easily accessed. The State Comptroller of Public Accounts oversees TexPool, and Lehman Brothers and Federated Investors manage the daily operations of the pool under a contract with the Comptroller. TexPool seeks to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act, and TexPool investments consist exclusively of U.S. Government securities, repurchased agreements collateralized by U.S. Government securities, and AAA-rated no-load money market mutual funds.

The Montgomery Economic Development Corporation (MEDC) Fund accounts for the revenues and expenditures associated with MEDC, the City's 4B economic development corporation. MEDC receives a ½ cent sales tax transfer from the General Fund every month, and its primary goals are to promote the expansion of the City by attracting business activity of all types and encouraging the creation of new businesses. The corporation is managed by a Board of Directors responsible for the allocation of these funds in accordance with State Law and the policies or directives established by the City Council. The funds raised through the sales tax allocation may be used for many projects, including direct contribution to new business enterprises that create and retain primary jobs, attracting new industrial development, assistance with expansions or related infrastructure. Although under a separate budget, MEDC anticipates revenues of \$466,250 and expenditures of \$528,400.



The Police, Drug, and Miscellaneous Account collects money earned through the activities of the Police Department. However, this account is currently separate from the proposed Police Asset Forfeiture Fund and does not currently have an operating budget.

The City's Escrow Account is primarily used for collecting money from developers related to the pending satisfaction of a contractual contingency or condition to safeguard the City from any major financial losses. Finally, the Customer Utility Deposit Account was established to hold the deposits of water and sewer customers.

The table on the page 16 is a summary of the City's funds including projected fund balances and the proposed FY 2016 activity for each fund. This table shows the funds available to the City to meet its obligations along with the projected revenue and expenses in each fund. On the following page, a simple organizational chart for the City is presented.



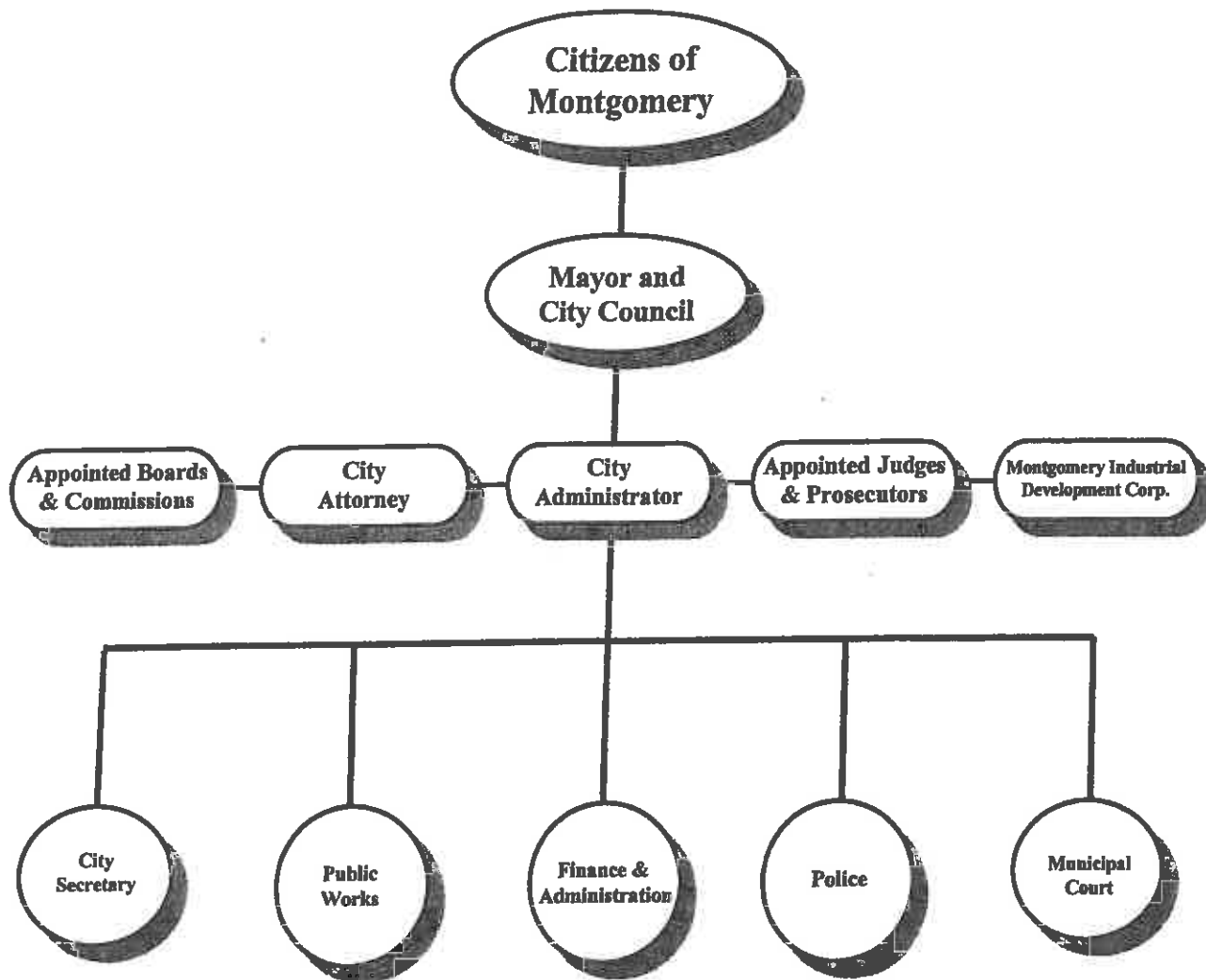
Summary of All Funds

	Fund Balance 10/1/2013	Proj. Balance 9/30/2014	FY 2015 Expense	FY2015 Transfer	FY2015 Revenue	Proj. Balance 9/30/2015
Governmental Funds						
General Fund	\$ 1,064,368	\$ 1,234,096	\$ 2,285,323	\$ 2,880	\$ 2,155,128	\$ 1,106,781
Debt Service Fund	67,610	90,096	497,114	125,300	373,000	91,282
Capital Projects Fund (Grants/	2,251,394	209,107	-	-	1,000	210,107
Hotel Occupancy Fund	5,930	7,767	-	-	1,270	9,037
Court Technology Fund	1,042	5,479	6,000	-	6,010	5,489
Court Security Fund	2,963	4,571	-	(2,880)	4,520	6,211
Police Asset Forfeiture Fund	4,514	4,715	-	-	1,000	5,715
Total Governmental Funds	\$ 3,397,821	\$ 1,555,831	\$ 2,788,437	\$ 125,300	\$ 2,541,928	\$ 1,434,622
Non-Governmental Funds						
Water & Sewer Fund	\$ 214,107	\$ 352,579	\$ 625,910	\$ (125,300)	\$ 794,500	\$ 395,869
Total Non-Governmental Funds	\$ 214,107	\$ 352,579	\$ 625,910	\$ (125,300)	\$ 794,500	\$ 395,869
Total All Funds	\$ 3,611,928	\$ 1,908,410	\$ 3,414,347	\$ -	\$ 3,336,428	\$ 1,830,491

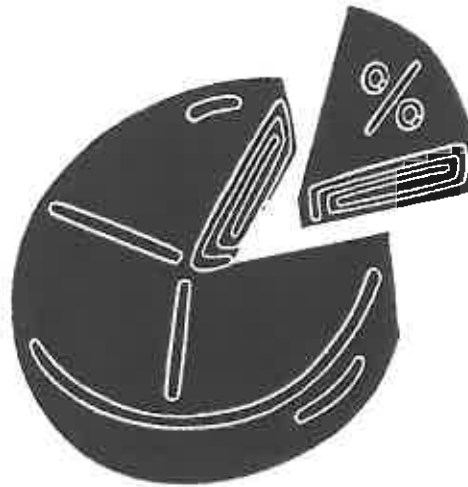
* MIDC Fund is not shown and its transfers are shown as revenues to other funds.



CITY OF MONTGOMERY ORGANIZATIONAL CHART



GENERAL FUND



GENERAL FUND SUMMARY

The General Fund accounts for revenue, expenditures, and transfers associated with municipal services not directly supported or accounted for in other funds.

FUND FINANCIAL ACTIVITY

The General Fund finances nearly all of the City's services. Issues such as the ad valorem tax rate, fees, objectives, levels of service, the number of employees, salaries and benefits are all determined using the preparation of the General Fund's budget. The General Fund is the source of funds for the following City departments: Administration, Police, Municipal Court, and Public Works and Community Development.

Revenue for 2015. The FY 2015 Budget forecasted revenues to finance the General Fund's services at \$2.12 million. Based on unaudited year-end numbers, revenues are expected to exceed this target, ending FY 2015 with total, of all funds, revenues of \$2.11 million.

Expenditure for 2015. The FY 2015 Budget appropriated \$2.448 million. Using unaudited year-end numbers, it appears that actual expenditures will be under this amount, ending FY 2015 with expenditures of \$2.34 million.

Financial Position in 2015. The City of Montgomery's General Fund will close 2015 in sound fiscal condition. The estimated balance available for appropriation will be approximately \$983 thousand, and this amount represents about 60% of estimated 2015 expenses. In other words, the General Fund's operations could be sustained for around six months with no additional revenues.

2016 Budget

Projected 2016 Revenues. The City's General Fund Revenues for FY 2016 are forecasted to decrease \$22,454, or 2.3% under 2015 budgeted revenues. Total revenues are expected to be \$2,426,457.

Taxes and franchise fees are projected to be \$1,674,077. General Fund revenues generated by the City's sales tax are budgeted at \$1,340,000, 1% more than the \$1,325,000 budgeted in 2015. With a total property valuation within the City appraised at approximately \$125 million, maintenance and operations property tax revenues are budgeted at \$256,327, which is an increase of 56% over 2015 budgeted estimates. Franchise taxes provide \$70,000, or 2.9% of the City's General Fund revenues, while beverage taxes account for \$6,000, which is less than 1%.

Revenues from permits and licenses are budgeted at \$82,800 because of annexations and increased commercial and residential development. Administrative transfers from MEDC and the Court Security Fund will account for \$7,000. Community building rentals should produce revenues of \$4,400. Revenues related to court fines and forfeitures are budgeted at \$479,600, which is a 7% decrease from the previous year.

Expenditures in 2016. The FY 2016 Budget recommends an appropriation in the amount of \$2,445,938 in the General Fund. The General Fund's 2015 Budget was \$2,595,717, so this budget represents a 1% decrease in the total budget.

Personnel costs, including benefits, amount to \$1,127,271 or about 46% of the budget, which is roughly the same percentage as last year. Contract

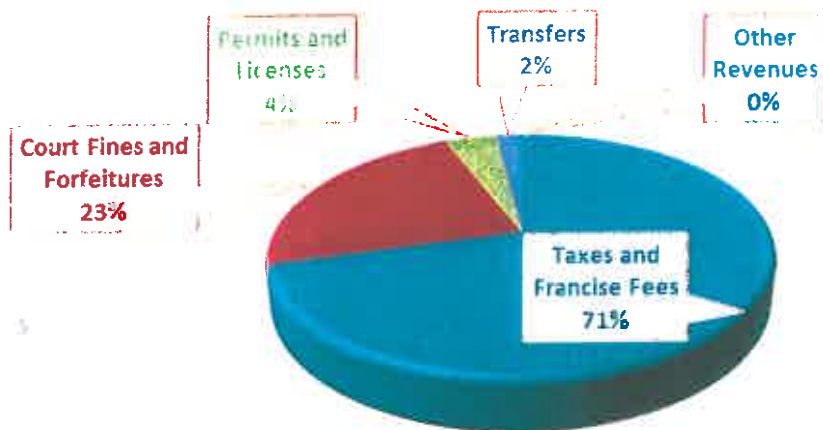


services are budgeted at \$675,150, an increase of 10% over last year. Expenditures for capital outlays are budgeted at \$266,200, which is a 74% increase from last year. Expenditures related to communications, supplies and equipment, staff development, insurance, and utilities have modest increases from last year. Meanwhile, expenditures for maintenance and miscellaneous expenses will

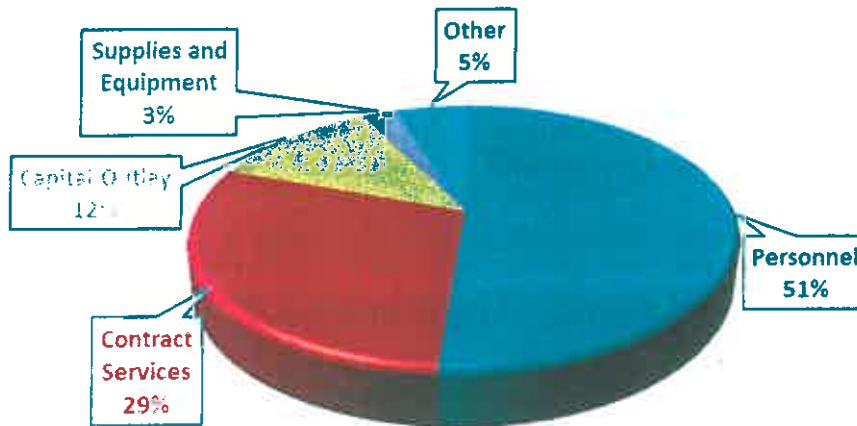
decrease slightly, with spending for contingency purposes remaining stable.

It is anticipated that there will be an amendment to the FY 2015 Budget to account for increased revenue and expenses in this fiscal year. These figures are not shown on the tables in the FY 2016 budget.

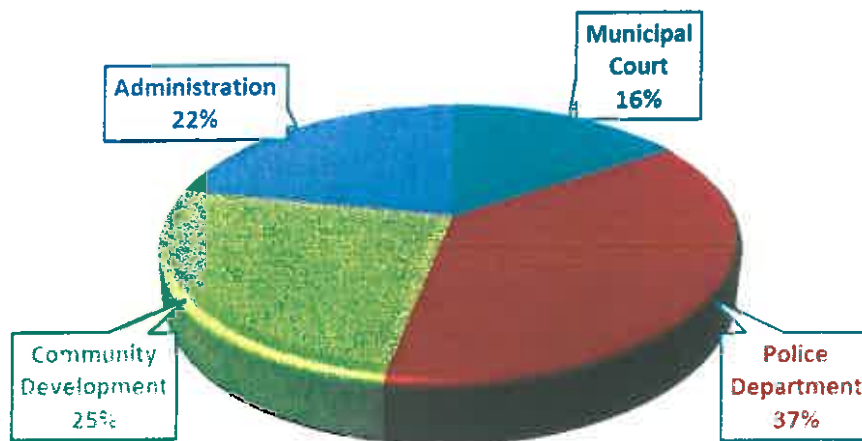
GENERAL FUND REVENUE



GENERAL FUND EXPENDITURES



GF EXPENDITURES BY DEPARTMENT



**Fiscal Year 2016
Proposed Base Budget**

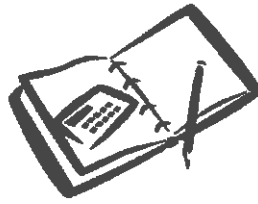
General Fund Budget at a Glance	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Beginning Fund Balance	750,929	912,535	912,535	983,302	
Revenue					
14000.1 Taxes and Franchise Fees	1,553,410	1,532,398	1,553,231	1,674,077	7.8%
14000.2 Permits and Licenses	82,754	82,800	122,800	82,800	-32.6%
14000.4 Fees For Service	4,161	4,725	4,030	4,430	9.9%
14000.5 Court Fines and Forfeitures	437,533	529,100	723,970	663,650	-8.3%
14000.6 Other Revenues	69,502	58,380	41,880	1,500	-96.4%
Revenue	2,147,360	2,207,403	2,445,911	2,426,457	-0.8%
Expenditures					
16000 Personnel	907,097	1,121,353	1,126,090	1,127,271	0.1%
16001 Communications	5,776	7,000	5,000	9,000	80.0%
16002 Contract Services	610,016	776,739	861,090	768,800	-10.7%
16003 Supplies and Equipment	65,289	75,850	68,350	70,000	2.4%
16004 Staff Development	27,541	33,650	33,900	32,100	-5.3%
16005 Maintenance	13,090	19,500	19,500	22,400	14.9%
16006 Insurance	16,208	17,320	17,320	18,220	5.2%
16007 Utilities	52,548	28,820	28,820	32,700	13.5%
16008 Capital Outlay	150,097	255,600	427,447	248,200	-41.9%
16010 Miscellaneous/ Contingency	47,769	6,000	8,200	117,247	1329.8%
Expenditures	1,895,431	2,341,832	2,595,717	2,445,938	-5.8%
Net Ordinary Income	251,929	-134,429	-149,806	-19,481	
Interfund Transfers					
Transfers In	40,380	40,380	40,380	40,380	0%
Transfers Out	130,703	0	0	0	
Net Transfers	-90,323	40,380	40,380	40,380	0%
Net Income	161,606	-94,049	-109,426	20,899	
Ending Fund Balance	912,535	818,486	983,302	1,004,201	

**Fiscal Year 2016
Proposed Base Budget**

General Fund Revenues	2014	2015	2015	2016	%
Statement of Revenues	Actual	Estimate	Ammended Budget	Proposed Budget	Change
Ordinary Revenue					
Taxes and Francise Fees					
14103 Beverage Tax	5,164	1,500	7,500	6,000	-20%
14111 Francise Tax	68,295	63,000	75,000	70,000	-7%
14320 Ad Valorem Tax	131,668	141,148	143,981	256,327	78%
14330 Penalties and Interest	2,104	1,500	1,500	1,500	
14331 Rendition Penalties	327	250	250	250	
14600 Sales Tax	1,345,854	1,325,000	1,325,000	1,340,000	1%
14000.1 Total Taxes and Francise	1,553,410	1,532,398	1,553,231	1,674,077	8%
Permits and Licenses					
14105 Building Permits	79,964	80,000	120,000	80,000	-33%
14146 Vendor Permits	0	150	150	150	0%
14611 Sign Fee	2,600	2,400	2,400	2,400	0%
14612 Miscellaneous Permit Fee	190	250	250	250	0%
14000.2 Permits and Licenses	82,754	82,800	122,800	82,800	-33%
Fees for Service					
14380 Community Building Rental	3,885	4,000	4,000	4,400	10%
14381 Kiosk Revenue	276	0	30	30	0%
14385 Right of Way Use Fees	0	725	0		0%
14000.4 Fees for Service	4,161	4,725	4,030	4,430	10%
Court Fines and Forfeitures					
14101 Collection Fees	28,054	35,000	26,000	26,000	0%
14102 Asset Forfeitures	0	1,100	0	1,100	0%
14104 Bond Fees	26,907	31,820	2,050	0	0%
14106 Child Belt Fees	2,045	2,250	2,500	2,250	-10%
14108 Court Fees	0	0			
14110 Fines	219,340	280,000	515,000	479,600	-7%
14118 OMNI	2,373	3,000	2,500	3,000	20%
14119 Overpayment	0				
14120 State Portion	156,790	174,230	174,230	150,000	-14%
14121 State Jury Fees	0				
14122 STF Fees					
14124 TP Fees					
14125 Warrant Fees	204	0	240	0	0%
14126 Judicial Efficiency Court	1,473	1,500	1,250	1,500	20%
14128 Admin Deferred Fee					
14130 Accident Reports	348	200	200	200	0%
14000.5 Court Fines and Forfeitures	437,533	529,100	723,970	663,650	-8%

**Fiscal Year 2016
Proposed Base Budget**

General Fund Revenues	2014	2015	2015	2016	%
Statement of Revenues	Actual	Estimate	Ammended Budget	Proposed Budget	Change
Other Revenues					
14000.6 Other Revenues	0	10000	0	0	
14132 DWI Step Revenue	983	0	0	0	
15350 Proceeds from Sales	17,714	0	0		
15380 Unanticipated Income	8,054	7,000	0		
15391 Interest Income	1,125	0	1,000	1,000	0%
15392 Interest on Investments	1,246	1,000	500	500	0%
14000.6 Other Revenues	29,122	18,000	1,500	1,500	0%
Net Income	2,106,980	2,167,023	2,405,531	2,426,457	1%
Grants/ Transfers					
14107 Cops Universal Grant					
14113 Intergovernmental Grants	0				
14620.2 MEDC Contributions	37,500	37500	37500	37,500	0%
14620.4 Court Security Contributions	2,880	2880	2880	2,880	0%
Subtotal	40,380	40,380	40,380	40,380	
Total Income	2,147,360	2,207,403	2,445,911	2,466,837	1%



Administration

Administration is responsible for the efficient delivery of City services. The City Administrator, Jack Yates, has day-to-day responsibility for the operation of all City activities and employees. The City Secretary, Susan Hensley, is responsible for maintaining ordinances, resolutions, meeting minutes, and legally required publications. The City Attorney, Larry Foerster, serves as a consultant, providing the City with general counsel, litigation, contract review, and ordinance review. The contract Bookkeeper, Municipal Accounts records the financial activities of the City and assists in managing payroll and city depositories and investments. The City has retained Brooks and Cardiel, PLLC to audit the financial records.

Budget Changes:

Removed Community Development position Accomplishments in 2015:

- Implemented electronic record-keeping system.
- Hired new City Administrator and new City Secretary

Goals for 2015:

- Codify city ordinances.
- Review and update contracts with city consultants and vendors.
- Update personnel policies and procedures.



**Fiscal Year 2015
Proposed Base Budget**

General Fund Admin Class Expenditures	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Ordinary Expense					
Personnel					
16247 Compensated Benefit		64,000	69,000	5,000	
16353.1 Health Insurance	11,123	12,000	13,307	12,100	-9.1%
16353.4 Unemployment Insurance	496	230	500	650	30.0%
16353.5 Workers Comp.	410	638	638	570	-10.7%
16353.6 Dental Insurance	1,211	1,100	1,352	1,350	-0.1%
16353.7 Life & AD&D Insurance	133	153	153	150	-2.0%
16560 Payroll Taxes	13,644	13,500	14,611	12,300	-15.8%
16600 Wages	178,482	170,000	170,000	160,950	-5.3%
16620 Retirement	5,594	6,000	6,000	5,690	-5.2%
16000 Personnel	211,093	267,621	275,561	198,760	-27.9%
Communications					
16338 Advertising/Promotion	5,776	2,500	3,000	7,000	133.3%
16001 Communications	5,776	2,500	3,000	7,000	133.3%
Contract Services					
16102 General Consultant Fees	0	26,400	34,200	34,200	0.0%
16320 Legal	28,576	30,000	33,000	33,000	0.0%
16321 Audit	15,800	16,000	16,000	17,000	6.3%
16322 Engineering	6,000	38,000	105,000	40,000	0.0%
16333 Accounting	65,566	75,000	65,000	79,000	21.5%
16335 Repairs and Maintenance	8,998	6,400	1,200	10,300	758.3%
16340 Printing and Office Supplies	847	500	3,100	800	-74.2%
16342 Computers Website	3,700	2,500	2,500	3,000	20.0%
16350 Postage and Delivery	1,710	1,300	1,300	2,400	84.6%
16351 Telephone	12,515	12,000	12,000	12,000	0.0%
16360 Tax Assessor Fee	2,950	2,500	2,500	2,500	0.0%
16370 Election	0	100	100	15,000	14900.0%
17040 Computer Technology	15,791	16,000	18,300	12,000	-34.4%
16002 Contract Services	162,453	226,700	294,200	261,200	-11.2%
Supplies and Equipment					
16358 Copier/Fax	2,465	2,500	2,500	2,800	12.0%
16460 Operating Supplies	10,979	13,000	18,000	9,500	-47.2%
17100 Furniture	3,870	1,000	1,700	3,200	88.2%
16003 Supplies and Equipment	17,314	16,500	22,200	15,500	-30.2%

**Fiscal Year 2015
Proposed Base Budget**

General Fund Admin Class Expenditures	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Staff Development					
16339 Dues/ Subscriptions	3,046	2,000	2,250	2,000	-11.1%
16341 Employee Relations	1,175	1,000	1,000	1,000	0.0%
16354 Travel and Training	7,715	9,000	7,900	6,500	-17.7%
16004 Staff Development	11,936	12,000	11,150	9,500	-14.8%
Insurance					
16353.2 Liability Insurance	5,949	5,700	5,700	6,200	8.8%
16353.3 Property Insurance	1,614	1,700	1,700	1,900	11.8%
16006 Insurance	7,563	7,400	7,400	8,100	9.5%
Utilities					
16352.6 Utilities - City Hall	2,057	3,000	3,000	3,000	0.0%
16352.7 Utilities - Gas	1,144	2,000	2,000	2,100	5.0%
16352.8 Utilities - Community Center	321	0	0	1,400	0.0%
16007 Utilities	3,522	5,000	5,000	6,500	30.0%
Capital Outlay					
16223 Community Bldg Irrigation	0				
17071 Computers/ Equipment	7,408	6,100	3,400	2,700	
16336 Capital projects					
16008 Capital Outlay	7,408	6,100	3,400	2,700	
Miscellaneous					
16504 Adams Park Lease	1,475	0		0	
16361.3 Transfer to Debt Service	0	0		0	
16590 Miscellaneous	41,196	1,800	3,800	12,000	
Miscellaneous	41,196	1,800	3,800	12,000	
Total Expense	468,261	545,621	625,711	521,260	-16.7%



Police

Montgomery Police Department is a constituted body of persons empowered by the state to enforce the law, protect property, and limit civil disorder. Montgomery Police Department includes the Police Chief Jim Napolitano, Lt. Joe Belmares, Patrol Sergeant Miguel Rosario, Administrative Sergeant Becky Lehn, five patrol officers, and several reserve officers.

Mission: The mission of the Montgomery Police Department is to enhance the quality of life in the City of Montgomery by working with the public and within the guidelines of the US Constitution to enforce the laws, preserve peace, reduce fear, and provide a safe environment.

Vision: To optimize the efficient use of the police resources and respond quickly and professionally to all forms of crime, emergencies, and homeland security concerns. The Montgomery Police Department and its community stakeholders will partner with other law enforcement, government, and civic groups to address all crime and disorder issues. Montgomery Police Department seeks to improve public safety guided by its core values: respect, dignity, integrity, and fairness.

Montgomery Police Department participates in a grant funded program known as the DWI task force to prevent loss of life by apprehending

violators operating a motor vehicle on our public roadways under the influence of an alcoholic beverage or substance which causes a level of intoxication. This task force works closely with other law enforcement agencies and the District Attorney to reduce the number of violators on the roads particularly during holiday weekends.

Goals for 2016:

- Maintain high visibility to reduce criminal activity.
- Practice fiscal responsibility and accountability in the management of public resources.
- Update the Department Policy Manual.
- Manage purchase and use of equipment to assist officers in provide effective service in a timely and safe manner.
- Manage, evaluate, and train personnel to maintain safety, high standards of performance. Provide continuing education to improve professionalism and personal development.
- Improve communication and cooperation with the community by implementing new web page, by utilizing other media such as Nixle, and by participating in community partnerships and programs that promote our mission and values.
- Update emergency response procedures.



**Fiscal Year 2016
Proposed Base Budget**

**General Fund Police Class
Expenditures**

	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Ordinary Expense					
Personnel					
16247 Compensated Benefit	0	5,000	5,000	5,000	0%
16353.1 Health Insurance	36,891	51,284	51,284	48,050	-6%
16353.4 Unemployment Insurance	1,893	2,610	2,610	1,827	-30%
16353.5 Workers Comp.	5,870	12,970	11,959	13,625	14%
16353.6 Dental Insurance	4,187	6,423	5,943	6,300	6%
16353.7 Life & AD&D Insurance	544	728	728	800	10%
16560 Payroll Taxes	27,801	33,755	29,669	38,540	30%
16600 Wages	337,036	441,236	430,231	506,000	18%
16600.1 Overtime	21,090	16,000	12,000	12,000	0%
16620 Retirement	11,184	18,223	19,223	18,950	-1%
16000 Personnel	446,496	588,229	568,647	651,092	14%
Communications					
16338 Advertising/Promotion		4,500	2,000	2,000	0%
16001 Communications	0	4,500	2,000	2,000	0%
Contract Services					
Repairs and Maintenance					
16334 Gas/Oil	28,751	35,000	35,000	37,000	6%
16357 Auto Repairs	17,298	15,000	14,100	10,000	-29%
16373 Equipment Repairs	1,311	2,500	2,500	2,600	4%
16374 Bldg Repairs-City Hall/Comm	350	0	0	0	0%
16335.1 Maint-Vehicles & Equip	624	0	0	0	0%
16376 Building Maintenance	0	0	0	0	0%
16335 Repairs and Maintenance	48,334	52,500	51,600	49,600	-4%
16340 Printing/ Office Supplies	774	3,200	1,500	1,600	7%
16342 Computers/ Website	295	6,000	8,000	2,000	-75%
16350 Postage/ Delivery	146	500	500	700	40%
16351 Telephone	3,452	5,000	5,000	5,500	10%
17030 Mobile Data Terminal (Air Fees)	9,152	12,000	6,000	8,000	33%
17031 Police Officer Scheduling Syst	0	0	0	2,000	0%
17040 Computer Technology	5,082	0	0	2,000	0%
16002 Contract Services	67,235	79,200	72,600	71,400	-2%

**Fiscal Year 2016
Proposed Base Budget**

General Fund Police Class Expenditures	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Supplies and Equipment					
16244 Radio Fees	2,727	2,800	2,800	4,000	43%
16328 Uniforms	7,114	17,000	6,000	6,000	0%
16358 Copier/Fax	2,152	100	100	1,000	900%
16460 Operating Supplies	5,685	5,000	5,000	5,000	0%
17010 Emergency Equipment	2,947	1,500	1,500	2,000	33%
17100 Capital Purchase Furniture	0	2,000	2,000	1,500	-25%
16003 <i>Supplies and Equipment</i>	20,625	28,400	17,400	19,500	12%
Staff Development					
16241 Police Training/ Education	5,360	6,000	6,000	6,800	13%
16339 Dues/ Subscriptions	140	1,500	1,500	1,500	0%
16341 Community Relations	1,574	1,000	1,000	1,300	30%
16354 Travel and Training	1,559	4,000	4,000	4,000	0%
16004 <i>Staff Development</i>	8,633	12,500	12,500	13,600	9%
Insurance					
16353.2 Liability Insurance	6,363	7,000	7,000	7,000	0%
16353.3 Property Insurance	1,328	1,500	1,500	1,500	0%
16006 <i>Subtotal Insurance</i>	7,691	8,500	8,500	8,500	0%
Capital Outlay					
17070 Police Cars	95,247	52,000	52,000	60,000	15%
Emergency Lights, Decals	0	21,000	21,000	23,000	10%
Coban Video Equipment	0	15,000	115,000	0	-100%
Vid Tec - In Car	0	0	0	33,000	0%
17071 Computers/Equipment	17,185	17,000	18,000	15,000	-17%
17071.1 Copsync	200	5,100	5,100	0	-100%
17071.2 Radar	0	0	0	0	0%
Investigative and Testing Equip		2,000	2,000	3,000	50%
Ballistic Vests and Shields		7,000	7,000	5,000	-29%
17071.5 Patrol Weapons	14,830	3,000	3,000	4,000	33%
17071.9 In Field Fingerprinter	0	0	0	4,500	0%
17050 Radios	77	26,000	26,000	26,000	0%
17080 Improvements	0	0	0	10,000	0%
16008 <i>Capital Outlay</i>	127,539	148,100	249,100	183,500	-26%
Other/ Miscellaneous					
16590 Miscellaneous	4,919	2,000	2,000	0	-100%
16010 Contingency	0	0	0	100	0%
16356 Contract Labor	19,600	0	0	0	0%

**Fiscal Year 2016
Proposed Base Budget**

Total Expense	702,738	871,429	932,747	949,692	2%
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Municipal Court

The Municipal Court is a trial court of limited jurisdiction. The court acts as an impartial fact finder in determining if a City ordinance has been violated. The Municipal Court processes citations, warrants, court payments, and trials. Municipal Court Administrator Becky Lehn is responsible for the overall operations of the court and supervises Deputy Court Clerk Krystal Gonzalez.

Mission: To provide individuals a fair and impartial judicial process in a timely and efficient manner.

Accomplishments in FY 2015:

- Deputy Court Clerk, Krystal Gonzalez, earned her Level I Court Clerk Certification.
- Court Administrator, Becky Lehn, was invited to sit on faculty for the Texas Court Clerk Association and completed the necessary training to instruct/teach both the Level I and Level II Court Clerk Certification classes throughout Texas.
- Perdue, Brandon, Fielder, Collins & Mott were hired as the City's Collection Agency to pursue all outstanding warrants owed.

- Due to the efforts of the Police Department, Court, and the Collection Agency, \$156,895.52 has been collected in outstanding warrants so far this fiscal year compared to \$128,714.60 for last year. This is an increase of \$28,180.92.

Goals for FY 2016:

- Provide employees with customer service training that focuses on customer services issues. Develop and distribute customer service questionnaires. Track customer satisfaction and complaints to identify and solve problems.
- Judge and staff will actively participate in City and State Court organizations to promote continuous court knowledge and excellence.
- Continue to develop and improve procedures to collect past-due payments for fines and fees.
- Continue to improve electronic technology for Municipal Court record keeping.



**Fiscal Year 2016
Proposed Base Budget**

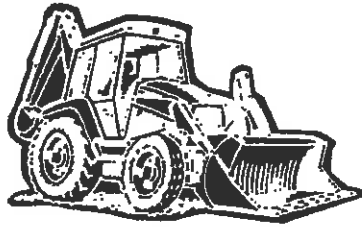
General Fund Court Class Expenditures	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Ordinary Expense					
Personnel					
16353.1 Health Insurance	9,927	9,795	9,795	13,000	32.7%
16353.4 Unemployment Insurance	414	522	433	780	80.1%
16353.5 Workers Comp.	243	309	309	347	12.3%
16353.6 Dental Insurance	1,201	1,352	1,352	1,800	33.1%
16353.7 Life & AD&D Insurance	133	153	153	230	50.3%
16560 Payroll Taxes	6,065	7,244	7,244	9,670	33.5%
16600 Wages	78,540	93,196	90,136	124,912	38.6%
16600.1 Overtime	1,528	1,500	1,500	1,500	0.0%
16620 Retirement	2,518	3,911	3,911	4,760	21.7%
16000 Personnel	100,569	117,982	114,833	156,999	36.7%
Contract Services					
16100 Admin Expense Misc.	385	1,800	1,800	2,000	11.1%
16102 General Consultant	2,540	3,000	3,000	3,100	3.3%
16220 Omni Expense	7,650	9,000	9,000	10,000	11.1%
16242 Prosecutor	12,000	12,000	12,000	12,000	0.0%
16310 Judge	0	489	0	0	0.0%
16322 Engineering	25,940	35,000	35,000	35,000	0.0%
16326 Collection Agent	658	1,500	600	1,500	150.0%
16340 Printing/ Office Supplies	2,000	2,500	2,500	3,000	20.0%
16342 Computers/ Website	921	750	750	1,000	33.3%
16350 Postage/ Delivery	1,200	1,200	1,200	1,200	0.0%
16351 Telephone	0	0	0	0	0.0%
17040 Computer Technology	145,580	170,000	210,000	175,000	-16.7%
17510 State Portion of Fines	198,874	237,239	275,850	243,800	-11.6%
16002 Contract Services					
Supplies and Equipment					
16328 Uniforms & Protective Gear	114		19,750	0	
16358 Copier/Fax Machine Lease	184	0	0	0	0.0%
16003 Supplies and Equipment - Other		2,500	2,300	3,000	
16460 Operating Supplies	3,477	0	0	3,000	0.0%
17100 Furniture	0	0		750	
16003 Supplies and Equipment	3,775	2,500	2,300	6,750	193.5%
Staff Development					
16339 Dues/ Subscriptions	197	250	250	250	0.0%
16341 Employee Relations (Education)	105	0	0	0	0.0%
16354 Travel and Training	3,670	5,000	5,000	5,000	0.0%

**Fiscal Year 2016
Proposed Base Budget**

16004 Staff Development	3,972	5,250	5,250	5,250	0.0%
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**Fiscal Year 2016
Proposed Base Budget**

General Fund Court Class Expenditures	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Insurance					
16353.2 Liability Insurance	100	400	400	450	12.5%
16006 Insurance	100	400	400	450	12.5%
Capital Outlay					
17071.4 Laser Fiche (Software Equip)	1,375	0	0	0	
17071 Computers/Equipment	5,720	2,400	2,000	2,000	
16008 Capital Outlay	7,095	2,400	2,000	2,000	0.0%
Miscellaneous					
16590 Miscellaneous	0	200	200	200	0.0%
Total Expense	314,385	365,971	400,833	415,449	3.6%



Public Works and Community Development

The Department of Public Works and Community Development is responsible for engineering, utilities, streets, city maintenance, parks and recreation, planning, code enforcement, and building permits and inspections. The department consists of a Community Development Director, a Maintenance Foreman and 2 Maintenance Technician.

Accomplishments for FY 2015:

- Re-Asphalted City Streets
- Adoption of updated Sign Ordinance
- MOU's with Fernland Park, Memory Parks
- Purchased city equipment for better operations

Budget Changes:

- Added Foreman Position
- Removed funds for IT Services to Administration
- Placed maintenance focus from Fernland Park to Memory Park

Goals for FY 2016:

- Continue repairs to City Streets
- Smoke testing Sewer System
- Purchase new crew truck
- Re-grading of ditches
- Make repairs to pump at Memory Park
- Continue abatement of unsafe homes
- Update Public Works and Community Development webpages.



**Fiscal Year 2016
Proposed Base Budget**

**General Fund Public Works Class
Expenditures**

	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Ordinary Expense					
Personnel					
16353.1 Health Insurance	13,435	16,000	14,693	12,000	-18%
16353.4 Unemployment Insurance	1,082	1,100	929	600	-35%
16353.5 Workers Comp.	2,416	2,790	3,801	2,980	-22%
16353.6 Dental Insurance	1,255	1,800	2,028	1,750	-14%
16353.7 Life & AD&D Insurance	150	230	230	200	-13%
16560 Payroll Taxes	9,278	9,000	11,975	7,090	-41%
16600 Wages	114,686	110,000	123,792	90,690	-27%
16600.1 Overtime	3,191	3,001	6,001	2,000	-67%
16620 Retirement	3,446	3,600	3,600	3,110	-14%
16000 Personnel	148,939	147,521	167,049	120,420	-28%

Communications

16338 Advertising/Promotion	0	0	0	0	
16001 Communications	0	0	0	0	

Contract Services

16102 General Consultant Fees	65,947	6,000	0	0	0%
16280 Mowing	65,947	68,000	75,000	65,000	-13%
16299 Inspections/ Permits	28,643	46,000	40,000	45,000	13%
16320 Legal	5,553	3,000	0	2,000	
16322 Engineering	22,799	67,000	35,000	35,000	0%
16337 Street Signs	1,548	3,200	3,200	3,500	9%
16340 Printing and Office Supplies	60	500	500	500	0%
16342 Computers/ Website	800	1,500	5,500	1,300	-76%
16350 Postage/ Delivery	266	400	400	400	0%
16351 Telephone	3,115	3,200	3,200	3,200	0%
17040 Computer Technology	2,835	7,500	5,200	2,000	-62%
16334 Gas/Oil	6,910	6,100	6,400	7,000	9%
16335 Maintenance -Other	15,747	15,200	8,240	15,000	82%
16343 Tractor & Mower	715	1,000	1,000	1,000	0%
16357 Auto Repairs	2,773	3,000	4,000	3,000	-25%
16372 Finance & Administration	152	0	0	0	0%
16373 Equipment Repairs	968	2,500	3,000	3,000	0%
16374 Building Repairs-City Hall/Comm	18,841	3,000	5,300	3,000	-43%
16375 Street Repairs	3,782	2,500	22,500	2,500	-89%
16002 Contract Services	181,454	233,600	218,440	192,400	-12%

**Fiscal Year 2016
Proposed Base Budget**

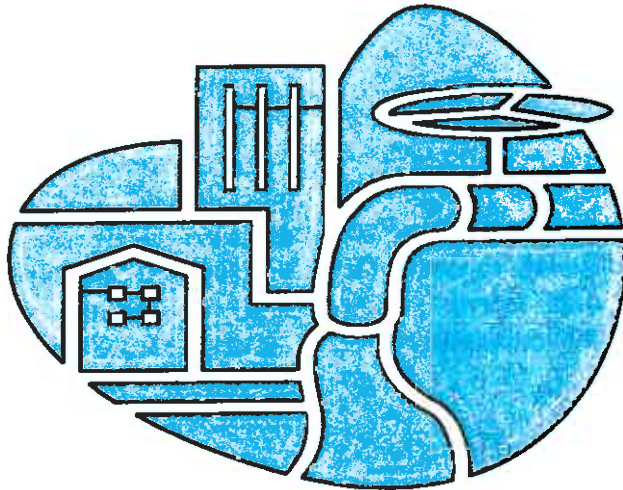
**General Fund Public Works Class
Expenditures**

	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Supplies and Equipment					
16328 Uniforms/ Protective Gear	5,008	2,750	2,750	2,250	-18%
16460 Operating Supplies	2,245	6,000	1,000	5,000	0%
16460.1 Streets and drainage	1,763	2,000	2,000	2,500	25%
16460.2 Cedar Brake Park	2,638	3,500	3,500	3,500	0%
16460.3 Homecoming Park	917	2,000	2,000	2,000	0%
16460.4 Fernland Park	1,735	2,000	2,000	2,000	0%
16460.5 Community Buildign	6,594	6,000	6,000	6,000	0%
16460.6 Tools, Etc	145	900	900	1,000	0%
16460.7 Memory Park	2,215	1,300	1,300	2,000	54%
16503 Code Enforcement Expense	315	2,000	5,000	2,000	-60%
16003 <i>Supplies and Equipment</i>	<u>23,575</u>	<u>28,450</u>	<u>26,450</u>	<u>28,250</u>	<u>7%</u>
Staff Development					
16339 Dues/ Subscriptions			0	250	
16341 Employee Relations	500	500	500	500	0%
16354 Travel and Training	2,500	3,400	4,500	3,000	-33%
16004 <i>Staff Development</i>	<u>3,000</u>	<u>3,900</u>	<u>5,000</u>	<u>3,750</u>	<u>-25%</u>
Maintenance					
16228 Memory Park Maintenance	2,668	7,000	7,000	8,000	14%
16229 Fernland Park Maintenance	3,378	6,000	6,000	6,800	13%
16230 CB Park Maintenance	5,158	4,000	4,000	4,800	20%
16231 Homecoming Park Maintenance	1,886	2,500	2,500	2,800	12%
16005 <i>Park Maintenance</i>	<u>13,090</u>	<u>19,500</u>	<u>19,500</u>	<u>22,400</u>	<u>15%</u>
Insurance					
16353.2 Liability Insurance	569	720	720	770	7%
16353.3 Property Insurance	285	300	300	400	33%
16006 <i>Insurance</i>	<u>854</u>	<u>1,020</u>	<u>1,020</u>	<u>1,170</u>	<u>15%</u>
Utilities					
16352 Electronic Sign-City		370	370	500	
16352.1 Street Lights	15,406	11,800	11,800	12,300	4%
16352.2 Traffic Lights	200	250	250	1,200	380%
16352.3 Cedar Brake Park	1,774	1,800	1,800	1,800	0%
16352.4 Homecoming Park	590	900	900	1,000	11%
16352.5 Fernland Park	23,895	2,000	2,000	2,400	20%
16352.6 City Hall Utilities	4,190	3,500	3,500	3,500	0%
16352.8 Community Center Utilities	2,971	3,200	3,200	3,500	9%
16007 <i>Utilities</i>	<u>49,026</u>	<u>23,820</u>	<u>23,820</u>	<u>26,200</u>	<u>10%</u>

**Fiscal Year 2016
Proposed Base Budget**

General Fund Public Works Class Expenditures	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Capital Outlay					
16233 Community Building		10,000	10,000	2,000	
17071.4 Laser Fiche (Software Equip)	3,490		2,100	0	
17071 Computers/Equipment	4,565	2,000	2,000	2,000	
17072 Public Works Items	0	27,000	27,000	46,000	
17080 Improvements	0	60,000	60,000	10,000	
17081 Drainage Improvements	0	0	71,847	0	
16008 Capital Outlay	8,055	99,000	172,947	60,000	-65%
Miscellaneous					
16356 Contract Labor-Streets	416	0	0	104,847	
16590 Miscellaneous	238	2,000	2,200	100	
16500 Lease	1,000	0	0	0	
Miscellaneous/Other	1,654	2,000	2,200	104,947	0
Total Expense	429,647	558,811	636,426	559,537	-12%

WATER AND SEWER FUND



WATER AND SEWER FUND SUMMARY

The Water and Sewer Fund is an Enterprise Fund. Enterprise funds are operated and accounted for like business enterprises in the private sector, and are specifically meant to be self-sufficient. The Water and Sewer Fund accounts for the revenue, expenditures, and transfers associated with the operation of the water and sanitary sewer system as well as municipal solid waste collection. User fees finance the system and its services.

The Utility Billing Coordinator and Utility Technician are City staff members assigned to the Water and Sewer Department and are supervised by the City Administrator.

Water and sewer service fees must reflect the cost of operation, maintenance and replacement of costly water and sewer facilities. The replacement cost of facilities is reflected in the water and sewer rates by charging a rate sufficient to cover the operating costs and the debt service costs associated with major capital maintenance or replacement.

The City of Montgomery has implemented a Groundwater Reduction Program (GRP) to reduce the withdrawal of water from the Jasper Aquifer in compliance of regulations by the Lone Star Groundwater District. The City's program included development of a Catahoula aquifer water well and related treatment equipment at Water Plant No. 3. The City is also a partner with Montgomery County Utility Districts 3 and 4 in the

development of their GRP until 2016. The City charges a GRP Fee as a separate line item for all water customers to cover the costs of this program.

FUND FINANCIAL ACTIVITY

The 2016 Budget. The City's Water and Sewer Fund revenues for FY 2016 are projected to be \$871,788, a 15% increase from the previous year's budget. Revenue increases are based on new customers expected in the budget year. Expenditures for FY 2016 are proposed at \$777,977 plus a transfer to debt service of \$125,300 for a total outlay of \$903,277..

For the Future. The Water and Sewer Fund is the most difficult of all of the City's funds to predict, as water usage can vary dramatically with the weather. Due to anticipated growth, the City will need to continue invest in additional utility infrastructure. One expected improvement to operations this year will be converting to an Automated Meter Reading System where meters are read by radio signal, simplifying and shortening the reading process and billing process. The City is currently in the process of evaluating water rates to better balance goals of promoting conservation while generating sufficient revenue to cover expenses and debt service.



**Fiscal Year 2015
Proposed Base Budget**

Water and Sewer Fund	2014	2015	2015	2016	%
	Actual	Estimate	Ammended Budget	Proposed Budget	Change
Beginning Fund Balance	214,107	286,153	286,153	205,693	
Revenue					
24000 Charges for Service	804,717	932,472	783,400	865,068	10.4%
24101 Taxes and Franchise Fees	5,201	5,500	5,500	5,500	0.0%
25000 Other Revenues	3,500	1,300	5,600	1,220	-78.2%
<i>Income</i>	<i>813,418</i>	<i>939,272</i>	<i>794,500</i>	<i>871,788</i>	<i>9.7%</i>
Expenditures					
26001 Personnel	90,291	109,942	122,040	109,777	-10.0%
26200 Contract Services	132,590	192,810	190,400	216,250	13.6%
26300 Communications	0	500	500	500	0.0%
26326 Permits and Licenses	14,225	19,000	0	19,000	0.0%
26400 Supplies and Equipment	39,671	45,600	45,600	46,750	2.5%
16401 Groundwater Reduction Exp	115,942	65,000	10,000	20,000	100.0%
26500 Staff Development	1,442	3,150	3,150	3,500	11.1%
26600 Maintenance	109,418	127,000	127,000	124,000	-2.4%
26700 Insurance	10,915	10,620	10,620	11,550	8.8%
26800 Utilities	74,016	79,350	79,350	85,650	7.9%
26900 Capital	96,583	160,000	160,000	140,000	-12.5%
27000 Misc./ Contingency/ GRP	619	1,000	1,000	1,000	0.0%
<i>Expenditures</i>	<i>685,712</i>	<i>813,972</i>	<i>749,660</i>	<i>777,977</i>	<i>3.8%</i>
Net Ordinary Income	127,706	125,300	44,840	93,811	109.2%
Interfund Transfers					
Transfers In	24,340	0	0	0	
Net GRP Fees		0	0	0	
Transfers Out	80,000	125,300	125,300	125,300	0.0%
<i>Net Transfers</i>	<i>-55,660</i>	<i>-125,300</i>	<i>-125,300</i>	<i>-125,300</i>	<i>0.0%</i>
Net Income	72,046	0	-80,460	-31,489	-60.9%
Ending Fund Balance	286,153	286,153	205,693	174,204	

DEBT SERVICE FUND



DEBT SERVICE FUND SUMMARY

The Debt Service Fund is established by ordinances authorizing the issuance of general obligation bonds. These same ordinances call for an ad valorem tax to be levied in sufficient amount to produce the funds needed to satisfy the City's annual debt service requirements for its general obligation bonds.

FUND ACTIVITY

The City of Montgomery uses debt financing to fund large capital investments. Streets, drainage, water and waste water systems are primarily constructed with borrowed funds. The Debt Service Fund expenditures include the interest, principle and fees related to the City's debt. The revenue used to pay these expenditures comes from ad valorem taxes and transfers from Montgomery Economic Development Corporation (MEDC) and Water and Sewer Fund.

In FY 2016, the Debt Service Fund will expend \$510,810 for debt service, a 1% increase over the \$494,614 funded in FY 2015. The income budgeted for FY 2016 includes \$266,485 from ad valorem taxes and interest, a transfer from Water and Sewer Fund of \$125,300, and a transfer from MEDC of \$117,500. The projected fund balance

at the end of FY 2016 is \$111,232 or 21% of expenditures. There are three outstanding debt issues that the City is currently financing:

- Tax & Revenue Certificate of Obligation, Series 2005 were refunded during the 2015 FY and are related to water and sewer improvements
- General Obligation Refunding Bonds, Series 2012, which were issued to refinance debt related to the city hall and utility improvements.
- Tax & Obligation Certificates of Obligation, Series 2012, which were issued for construction projects associated with improvements to the City's water and sanitary sewer systems.

FUTURE ACTIVITY

In December 2013, Standard and Poor's upgraded the City's Tax & Obligation Certificate of Obligations from "A" to "AA". In the future, this should increase the City's bond market ability and decrease bond issuance related costs.



**Fiscal Year 2016
Proposed Base Budget**

**Debt Service Fund
Budget at a Glance**

	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Beginning Balance*	\$ -	\$ 83,380	\$ 90,096	\$ 83,907	-6.9%
Revenues					
Ad Valorem Tax	\$ 231,050	\$ 254,000	\$ 254,000	\$ 264,985	4.3%
All Other Revenues	3,779	6,369	1,500	1,500	0.0%
Total Revenues	\$ 234,829	\$ 260,369	\$ 255,500	\$ 266,485	4.3%
Interfund Transfers					
Transfers In	\$ 197,500	\$ 242,800	\$ 242,800	\$ 242,800	0.0%
Transfers Out	-	-	-	-	0.0%
Net Interfund Transfers	\$ 197,500	\$ 242,800	\$ 242,800	\$ 242,800	0.0%
Expenditures					
Debt Service	\$ 389,914	\$ 501,142	\$ 494,614	\$ 510,810	3.3%
Contract Services	1,000	1,500	2,500	2,500	0.0%
All Other Operating Expenditures	-	-	-	-	0.0%
Total Expenditures	\$ 390,914	\$ 502,642	\$ 497,114	\$ 513,310	3.3%
Ending Balance*	\$ 41,415	\$ 83,907	\$ 91,282	\$ 79,882	-12.5%

CAPITAL PROJECTS FUND



CAPITAL PROJECTS FUND SUMMARY

The Capital Projects Fund is designed to finance the purchase or construction of infrastructure projects (i.e. roads and water/waste water system improvements), equipment and vehicles having very long service lives, property, and buildings. Capital projects are characterized by their costs, which normally exceed \$25,000, the long operational life of the completed asset, and the impact they would have on a department's operating budget. Capital Projects are financed by debt proceeds, General Fund transfers, reserves, intergovernmental grants, developer participation, and interest earned on investments.

FUND ACTIVITY

In FY 2015, the Capital Projects Fund started with a fund balance of \$347,587 from The Series 2012 Tax & Obligation Certificates of Obligation and some insurance proceeds. Estimated engineering and construction costs in FY 2015 for water supply and street projects total \$349,587.

Projects underway at budget were completed in FY 2015. They include:

Water Well No. 4: This water well has been completed and is completely operational.

Water Plant No. 3 Improvements: This project is complete.

State Highway 105 Water Line Improvements: This project is complete and in service.

At this time, no projects are scheduled for FY 2015 and no additional funding is proposed for FY 2016.

FUTURE ACTIVITY

Due to anticipated growth in the City, this Fund will likely expand in future years. The City anticipates that there will be increased spending related to numerous annexations residential and commercial growth; and infrastructure planning, construction, and maintenance. The City plans to complete a Capital Improvement Project in FY 2015 in Water and Sewer Fund to identify projects needed in the next five years. For 2016 fiscal year Lift Station upgrades, the Buffalo Springs Bridge water line and purchase of an AMRS water meter system is projected.



Fiscal Year 2016
Proposed Base Budget

Capital Projects Fund

	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Beginning Balance*	\$ 2,028,371	\$ 347,587	\$ 347,587	\$ 223,615	
Revenues					
43960-Series2012B CDBG Block Grant	\$ 2,732	\$ -	\$ -		0.0%
FEMA Hazard Mitigation					0.0%
Insurance Proceeds					0.0%
45391-Interest	994	100	1000	150	-85.0%
Total Revenues	\$ 3,726	\$ 100	\$ 1,000	\$ 150	-85%
Interfund Transfers					
45392-Transfers In	\$ -	\$ -	\$ -		0.0%
43002-Transfers Out					0.0%
Net Interfund Transfers	\$ -	\$ -	\$ -		0.0%
Expenditures					
43890 Engineering	\$ 10,804	\$ 34,515	\$ -		0.0%
44002-Wastewater	3,098			30,000	0.0%
48000-Water	1424,089	89,557	124,972	70,000	-44.0%
46000-Meter	257,324			120,000	0.0%
Other					0.0%
Total Expenditures	\$ 1,684,510	\$ 124,072	\$ 124,972	\$ 220,000	0.0%
Ending Balance	\$ 347,587	\$ 223,615	\$ 223,615	\$ 3,765	-98.3%

HOTEL OCCUPANCY TAX FUND



HOTEL OCCUPANCY TAX FUND SUMMARY

The Hotel Occupancy Tax Fund collects taxes from hotels, motels, and bed and breakfasts within the City. For the purposes of the tax, a hotel is considered to be any building in which members of the public rent sleeping accommodations for \$15 or more per day, and local hotel taxes apply to sleeping rooms costing \$2 or more per day. While the state's hotel tax rate is 6%, local taxing authorities are also allowed to levy hotel tax rates up to 7%. The City collects a 6% hotel tax that may only be used for specified purposes related to promoting the hotel and convention industry such

as tourism marketing. The funds may not be used for other general governmental functions.

FUTURE ACTIVITY

In FY 2016, the City projects there will be \$1,270 in revenues derived primarily from hotel taxes. There are not expenditures budgeted from this fund in FY 2016. In the future, as the City adds hotels, motels, as well as additional bed and breakfasts, these revenues should rise accordingly.

Hotel Occupancy Tax Fund

	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Beginning Balance	\$ 5,930	\$ 7,308	\$ 7,308	\$ 8,578	30.8%
Revenues					
Hotel Occupancy Tax	\$ 1,364	\$ 1,300	\$ 1,250	\$ 1,250	0.0%
All Other Revenues	14	12	20	20	0.0%
Total Revenues	\$ 1,378	\$ 1,312	\$ 1,270	\$ 1,270	0.0%
Interfund Transfers					
Transfers In	\$ -	\$ -	\$ -	\$ -	0.0%
Transfers Out	-	-	-	-	0.0%
Net Interfund Transfers	\$ -	\$ -	\$ -	\$ -	0.0%
Expenditures					
Contract Services	-	-	-	-	0.0%
All Other Operating Expenditures	-	-	-	-	0.0%
Total Expenditures	\$ -	\$ -	\$ -	\$ -	0.0%
Ending Balance	\$ 7,308	\$ 8,620	\$ 8,578	\$ 9,848	25.4%



COURT TECHNOLOGY FUND



COURT TECHNOLOGY FUND SUMMARY

The Court Technology Fund is a fund that collects revenues from court fines and forfeitures and utilizes these resources to finance the purchase of technological enhancements for the Municipal Court in accordance with Article 102.0172 in the Texas Code of Criminal Procedure.

Some of the items that may be purchased in the Court Technology Fund include:

1. Computer systems, networks, hardware, and software
2. Imaging systems
3. Electronic kiosks

4. Electronic ticket writers

5. Docket management systems

FUND/FUTURE ACTIVITY

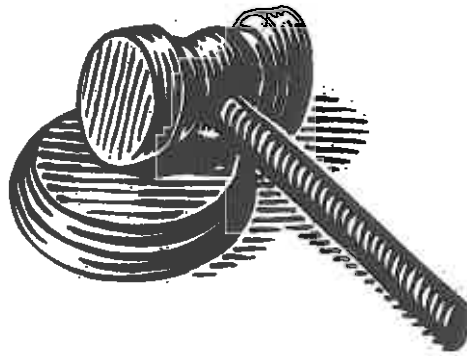
During FY 2016, the City projects that the revenues and the expenditures in this fund will be \$6,010 and \$7,000 respectively. As the operations and scope of the Municipal Court expands, this fund should be flexible enough to meet further technological needs.

Court Technology Fund

	2014 Actual	2015 Estimate	2015 Budget	2016 budget	% Change
Beginning Balance	\$ 1,043	\$ 2,044	\$ 2,044	\$ 2,054	104.7%
Revenues					
Court Technology Fees	\$ 7,811	\$ 8,421	\$ 6,000	\$ 8,000	0.0%
All Other Revenues	6	4	10	10	0.0%
Total Revenues	\$ 7,817	\$ 8,425	\$ 6,010	\$ 8,010	0.0%
Interfund Transfers					
Transfers In	\$ -	\$ -	\$ -	\$ -	0.0%
Transfers Out	-	-	-	-	0.0%
Net Interfund Transfers	\$ -	\$ -	\$ -	\$ -	0.0%
Expenditures					
Supplies & Equipment	\$ 4,524	\$ 3,000	\$ -	\$ -	0.0%
Contract Services	2,292	4,247	6,000	6,000	-5.4%
All Other Operating Expenditures	-	-	-	-	0.0%
Total Expenditures	\$ 6,816	\$ 7,247	\$ 6,000	\$ 6,000	-5.4%
Ending Balance	\$ 2,044	\$ 3,222	\$ 2,054	\$ 4,064	133.9%



COURT SECURITY FUND



COURT SECURITY FUND SUMMARY

The Court Security Fund is a fund that collects revenues from court fines and forfeitures for the purposes of providing funding for the enhancement of Municipal Court security. The Court Security Fund collects fees in accordance with Article 102.017 in the Texas Code of Criminal Procedures.

Some of the items that may be purchased in the Court Security Fund include:

1. X-ray machines and metal detectors
2. Identification cards and systems
3. Electronic locking and surveillance equipment

Court Security Fund

4. Court bailiff

5. Continuing education on security issues for court and security personnel

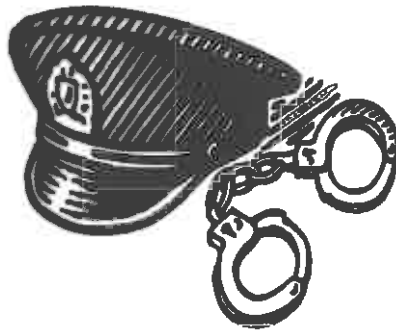
FUND/FUTURE ACTIVITY

For FY 2015, this fund will have projected revenues of \$4,520 and a transfer of \$2,880 to General Fund to pay for a bailiff officer for Municipal Court. Also, similar to the Court Technology Fund, as the operations and scope of the Municipal Court expands, this fund should be flexible enough to meet further technological needs regarding the Municipal Court.

	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Beginning Balance	\$ 2,227	\$ 5,254	\$ 5,254	\$ 8,616	0.0%
Revenues					
84110.1-Court Security Fees	\$ 5,899	\$ 6,230	\$ 4,500	\$ 4,500	0.0%
84120.1-All Other Revenues	8	12	20	20	0.0%
Total Revenues	\$ 5,907	\$ 6,242	\$ 4,520	\$ 4,520	0.0%
Interfund Transfers					
84130-Transfers In	\$ -	\$ -	\$ -	\$ -	0.0%
86551-Transfers Out	2,880	2,880	2,880	2,880	0.0%
Net Interfund Transfers	\$ (2,880)	\$ (2,880)	\$ (2,880)	\$ (2,880)	0.0%
Expenditures					
Contract Services	-	-	-	-	0.0%
All Other Operating Expenditures	-	-	-	-	0.0%
Total Expenditures	\$ -	\$ -	\$ -	\$ -	0.0%
Ending Balance	\$ 5,254	\$ 8,616	\$ 6,894	\$ 10,256	0.0%



POLICE ASSET FORFEITURE FUND





POLICE ASSET FORFEITURE FUND SUMMARY

The Police Asset Forfeiture Fund is a fund that collects revenues from seized contraband that is used in the commission of certain felonies, and utilizes these resources to finance the purchase of specified items for the Police Department. In this context, contraband refers to property of any nature, including real, personal, tangible, or intangible as defined by Article 59.06 in the Texas Code of Criminal Procedure.

Expenditures within this fund must be used solely for law enforcement purposes, such as salaries and overtime pay for officers, officer training,

specialized investigative equipment and supplies, and items used by officers in direct law enforcement duties.

FUND/FUTURE ACTIVITY

For FY 2015, this fund will start with a beginning balance of \$186, and will have projected revenues of \$1,000 and no expenditures. In the future, this fund will likely continue to increase as the Police Department obtains more revenues through seized assets.

Police Asset Forfeiture Fund

	2014 Actual	2015 Estimate	2015 Budget	2016 Budget	% Change
Beginning Balance	\$ 4,515	\$ 186	\$ 186	\$ 1,186	4.4%
Court Fines and Fees					
Asset Forfeitures	\$ 116	\$ -	\$ 1,000	\$ -	-85.7%
All Other Revenues	-	-	-	-	0.0%
Total Revenues	\$ 116	\$ -	\$ 1,000	\$ -	-85.7%
Interfund Transfers					
Transfers In	\$ -	\$ -	\$ -	\$ -	0.0%
Transfers Out	-	-	-	-	0.0%
Net Interfund Transfers	\$ -	\$ -	\$ -	\$ -	0.0%
Expenditures					
Supplies & Equipment	\$ 4,445	\$ -	\$ -	\$ -	-100.0%
Contract Services	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	0.0%
All Other Operating Expenditures	-	-	-	-	0.0%
Total Expenditures	\$ -	\$ -	\$ -	\$ -	-100.0%
Ending Balance	\$ 116	\$ 186	\$ 1,186	\$ 1,186	-32.9%



APPENDICES

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Appendix A Glossary of Terms

Account: A term used to identify an individual asset, liability, expenditure control, revenue control, encumbrance, or fund balance.

Accounts Payable: A liability account reflecting amounts on open account owing to private persons or organizations for goods and services received by a government but not including amounts due to other funds of the same government or to other governments.

Accounts Receivable: An asset account reflecting amounts owing to open accounts from private persons or organizations for goods and services furnished by a government.

Ad Valorem: Latin for "value of." Refers to the tax assessed against real (land and buildings) and personal (equipment and furniture) property; usually in reference to property taxes.

Appropriation: A legal authorization granted by City Council to make expenditures and incur obligations for designated purposes.

Assessed Valuation: A valuation set upon real estate or other property by a government on a basis for levying taxes.

Balance Sheet: The basic financial statement which discloses the assets, liabilities, and equities of an entity at a specified date in conformity with GAAP.

Bond: A written promise, generally under seal, to pay a specific amount of money, called the face value, at a fixed time in the future, called the maturity date, and carrying interest at fixed rate, usually paid periodically.

Budget: A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

Budget Ordinance: The official enactment by the City Council establishing the legal authority for City Officials to obligate and expend funds.

Capital Outlays: Expenditures which result in the acquisition of or addition to fixed assets which are individually priced more than \$1,000.

Capital Improvements Program: A plan for capital expenditures to be incurred each year over a fixed period of several years setting forth each capital project and the amount and method of financing.



Central Appraisal District: A county-wide district formed by legislature to provide appraisals of property located within the county. These county-wide appraisals are provided to the county, school districts, cities, and municipal utility districts for basis of taxation.

Current Assets: Those assets which are available or can be made readily available to finance current operations or to pay current liabilities. Those assets which will be used up or converted into cash within one year. Some examples are cash, temporary investments, and

Current Liabilities: Debt or other legal obligation arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

Debt Service: A cost category which typically reflects the repayment of general long-term debt principle and interest.

Delinquent Taxes: Property taxes remaining unpaid at the end of the current fiscal year. Although taxes become delinquent and accrue penalties and interest on February 1 of each year, they are carried as current taxes receivable during the current fiscal year.

Effective Interest Rate: The property tax rate set necessary to generate the same tax dollars as the previous tax year.

Encumbrances: Obligations in the form of purchase orders or contracts charged to an appropriation which reserves the fund until it is necessary to pay the bill.

Fiscal Year: A twelve month period at the end of which the City determines its financial condition and the results of its operations and closes its books.

Fixed Assets: Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, machinery, and equipment.

Franchise: A special privilege granted by a government permitting the continuing use of public property, such as City streets, and usually involving the elements of monopoly and regulation.

Fund: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance: The difference between governmental fund assets and liabilities; also referred to as fund equity.



General Ledger: A book, file, or other device which contains the accounts needed to reflect the financial position and the results of operations of an entity. In double-entry bookkeeping, the debits and credits in the general ledger are equal; therefore, the debit balances equal the credit balances

Governmental Funds: Those funds through which most governmental functions typically are financed. The acquisition, use and financial resources and the related current liabilities are accounted for through governmental funds.

Ordinance: A formal legislative enactment by the governing board of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, universally require ordinances.

Purchase Order: A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

Revenues: Increases in governmental fund type net current assets from other than expenditure funds and residual equity transfers.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits, such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

Tax Rate: The amount of tax levied for each \$100 of assessed valuation.

User Fees: The payment of a fee for a direct receipt of a public service by the party benefiting from the service.



City of Montgomery, Texas

General Obligation Refunding Bonds, Series 2012

Date	Principal	Interest	Total D/S	Annual D/S	Fiscal Year	Date Paid	Wire Number
3/1/2015	\$ 100,000.00	\$ 41,259.38	\$ 141,259.38				
9/1/2015	-	40,259.38	40,259.38	\$ 181,518.76	9/30/2015		
3/1/2016	105,000.00	40,259.38	145,259.38				
9/1/2016	-	39,209.38	39,209.38	184,468.76	9/30/2016		
3/1/2017	105,000.00	39,209.38	144,209.38				
9/1/2017	-	38,159.38	38,159.38	182,368.76	9/30/2017		
3/1/2018	105,000.00	38,159.38	143,159.38				
9/1/2018	-	37,109.38	37,109.38	180,268.76	9/30/2018		
3/1/2019	105,000.00	37,109.38	142,109.38				
9/1/2019	-	35,993.75	35,993.75	178,103.13	9/30/2019		
3/1/2020	110,000.00	35,993.75	145,993.75				
9/1/2020	-	34,756.25	34,756.25	180,750.00	9/30/2020		
3/1/2021	115,000.00	34,756.25	149,756.25				
9/1/2021	-	33,318.75	33,318.75	183,075.00	9/30/2021		
3/1/2022	115,000.00	33,318.75	148,318.75				
9/1/2022	-	31,881.25	31,881.25	180,200.00	9/30/2022		
3/1/2023	120,000.00	31,881.25	151,881.25				
9/1/2023	-	30,231.25	30,231.25	182,112.50	9/30/2023		
3/1/2024	125,000.00	30,231.25	155,231.25				
9/1/2024	-	28,512.50	28,512.50	183,743.75	9/30/2024		
3/1/2025	130,000.00	28,512.50	158,512.50				
9/1/2025	-	26,562.50	26,562.50	185,075.00	9/30/2025		
3/1/2026	130,000.00	26,562.50	156,562.50				
9/1/2026	-	24,612.50	24,612.50	181,175.00	9/30/2026		
3/1/2027	135,000.00	24,612.50	159,612.50				
9/1/2027	-	22,418.75	22,418.75	182,031.25	9/30/2027		
3/1/2028	140,000.00	22,418.75	162,418.75				
9/1/2028	-	20,143.75	20,143.75	182,562.50	9/30/2028		
3/1/2029	145,000.00	20,143.75	165,143.75				
9/1/2029	-	17,425.00	17,425.00	182,568.75	9/30/2029		
3/1/2030	155,000.00	17,425.00	172,425.00				
9/1/2030	-	14,518.75	14,518.75	186,943.75	9/30/2030		
3/1/2031	110,000.00	14,518.75	124,518.75				
9/1/2031	-	12,456.25	12,456.25	136,975.00	9/30/2031		
3/1/2032	115,000.00	12,456.25	127,456.25				
9/1/2032	-	10,300.00	10,300.00	137,756.25	9/30/2032		
3/1/2033	125,000.00	10,300.00	135,300.00				
9/1/2033	-	7,800.00	7,800.00	143,100.00	9/30/2033		
3/1/2034	125,000.00	7,800.00	132,800.00				
9/1/2034	-	5,300.00	5,300.00	138,100.00	9/30/2034		
3/1/2035	130,000.00	5,300.00	135,300.00				
9/1/2035	-	2,700.00	2,700.00	138,000.00	9/30/2035		
3/1/2036	135,000.00	2,700.00	137,700.00				
9/1/2036	-	-	-	137,700.00	9/30/2036		
3/1/2037	-	-	-	-	9/30/2037		
9/1/2037	-	-	-	-	9/30/2037		
3/1/2038	-	-	-	-	9/30/2038		
9/1/2038	-	-	-	-	9/30/2038		
Total	\$ 2,680,000.00	\$ 1,068,596.92	\$ 3,748,596.92	\$ 3,748,596.92			

City of Montgomery, Texas

Tax & Revenue Certificates of Obligation, Series 2012

Date	Principal	Interest	Total D/S	Annual D/S	Fiscal Year	Date Paid	Wire Number
3/1/2015	\$ 110,000.00	\$ 62,262.50	\$ 172,262.50				
9/1/2015	-	60,612.50	60,612.50	\$ 232,875.00	9/30/2015		
3/1/2016	115,000.00	60,612.50	175,612.50				
9/1/2016	-	58,887.50	58,887.50	234,500.00	9/30/2016		
3/1/2017	120,000.00	58,887.50	178,887.50				
9/1/2017	-	57,087.50	57,087.50	235,975.00	9/30/2017		
3/1/2018	120,000.00	57,087.50	177,087.50				
9/1/2018	-	55,287.50	55,287.50	232,375.00	9/30/2018		
3/1/2019	125,000.00	55,287.50	180,287.50				
9/1/2019	-	53,412.50	53,412.50	233,700.00	9/30/2019		
3/1/2020	130,000.00	53,412.50	183,412.50				
9/1/2020	-	51,462.50	51,462.50	234,875.00	9/30/2020		
3/1/2021	130,000.00	51,462.50	181,462.50				
9/1/2021	-	49,512.50	49,512.50	230,975.00	9/30/2021		
3/1/2022	135,000.00	49,512.50	184,512.50				
9/1/2022	-	47,487.50	47,487.50	232,000.00	9/30/2022		
3/1/2023	140,000.00	47,487.50	187,487.50				
9/1/2023	-	45,387.50	45,387.50	232,875.00	9/30/2023		
3/1/2024	145,000.00	45,387.50	190,387.50				
9/1/2024	-	43,212.50	43,212.50	233,600.00	9/30/2024		
3/1/2025	145,000.00	43,212.50	188,212.50				
9/1/2025	-	41,037.50	41,037.50	229,250.00	9/30/2025		
3/1/2026	150,000.00	41,037.50	191,037.50				
9/1/2026	-	38,412.50	38,412.50	229,450.00	9/30/2026		
3/1/2027	155,000.00	38,412.50	193,412.50				
9/1/2027	-	35,700.00	35,700.00	229,112.50	9/30/2027		
3/1/2028	160,000.00	35,700.00	195,700.00				
9/1/2028	-	32,900.00	32,900.00	228,600.00	9/30/2028		
3/1/2029	165,000.00	32,900.00	197,900.00				
9/1/2029	-	30,012.50	30,012.50	227,912.50	9/30/2029		
3/1/2030	170,000.00	30,012.50	200,012.50				
9/1/2030	-	27,037.50	27,037.50	227,050.00	9/30/2030		
3/1/2031	175,000.00	27,037.50	202,037.50				
9/1/2031	-	23,975.00	23,975.00	226,012.50	9/30/2031		
3/1/2032	180,000.00	23,975.00	203,975.00				
9/1/2032	-	20,825.00	20,825.00	224,800.00	9/30/2032		
3/1/2033	190,000.00	20,825.00	210,825.00				
9/1/2033	-	17,500.00	17,500.00	228,325.00	9/30/2033		
3/1/2034	190,000.00	17,500.00	207,500.00				
9/1/2034	-	14,175.00	14,175.00	221,675.00	9/30/2034		
3/1/2035	195,000.00	14,175.00	209,175.00				
9/1/2035	-	10,762.50	10,762.50	219,937.50	9/30/2035		
3/1/2036	200,000.00	10,762.50	210,762.50				
9/1/2036	-	7,262.50	7,262.50	218,025.00	9/30/2036		
Total	\$ 3,760,000.00	\$ 1,713,512.50	\$ 5,473,512.50	\$ 5,259,837.50			

City of Montgomery, Texas

General Obligation Refunding Bonds, Series 2015

Date	Principal	Interest	Total D/S	Annual D/S	Fiscal Year	Date Paid	Wire Number
3/1/2015	\$ -	\$ -	\$ -				
9/1/2015	-	\$ 6,530.33	6,530.33	\$ 6,530.33	9/30/2015		
3/1/2016	75,000.00	\$ 8,580.00	83,580.00				
9/1/2016	-	\$ 8,261.25	8,261.25	91,841.25	9/30/2016		
3/1/2017	80,000.00	\$ 8,261.25	88,261.25				
9/1/2017	-	\$ 7,761.25	7,761.25	96,022.50	9/30/2017		
3/1/2018	80,000.00	\$ 7,761.25	87,761.25				
9/1/2018	-	\$ 7,141.25	7,141.25	94,902.50	9/30/2018		
3/1/2019	85,000.00	\$ 7,141.25	92,141.25				
9/1/2019	-	\$ 6,376.25	6,376.25	98,517.50	9/30/2019		
3/1/2020	85,000.00	\$ 6,376.25	91,376.25				
9/1/2020	-	\$ 5,526.25	5,526.25	96,902.50	9/30/2020		
3/1/2021	80,000.00	\$ 5,526.25	85,526.25				
9/1/2021	-	\$ 4,646.25	4,646.25	90,172.50	9/30/2021		
3/1/2022	85,000.00	\$ 4,646.25	89,646.25				
9/1/2022	-	\$ 3,647.50	3,647.50	93,293.75	9/30/2022		
3/1/2023	90,000.00	\$ 3,647.50	93,647.50				
9/1/2023	-	\$ 2,522.50	2,522.50	96,170.00	9/30/2023		
3/1/2024	90,000.00	\$ 2,522.50	92,522.50				
9/1/2024	-	\$ 1,330.00	1,330.00	93,852.50	9/30/2024		
3/1/2025	95,000.00	\$ 1,330.00	96,330.00				
9/1/2025	-	\$ -	-	96,330.00	9/30/2025		
3/1/2026	-	\$ -	-				
9/1/2026	-	\$ -	-	-	9/30/2026		
3/1/2027	-	\$ -	-				
9/1/2027	-	\$ -	-	-	9/30/2027		
3/1/2028	-	\$ -	-				
9/1/2028	-	\$ -	-	-	9/30/2028		
3/1/2029	-	\$ -	-				
9/1/2029	-	\$ -	-	-	9/30/2029		
3/1/2030	-	\$ -	-				
9/1/2030	-	\$ -	-	-	9/30/2030		
3/1/2031	-	\$ -	-				
9/1/2031	-	\$ -	-	-	9/30/2031		
3/1/2032	-	\$ -	-				
9/1/2032	-	\$ -	-	-	9/30/2032		
3/1/2033	-	\$ -	-				
9/1/2033	-	\$ -	-	-	9/30/2033		
3/1/2034	-	\$ -	-				
9/1/2034	-	\$ -	-	-	9/30/2034		
3/1/2035	-	\$ -	-				
9/1/2035	-	\$ -	-	-	9/30/2035		
3/1/2036	-	\$ -	-				
9/1/2036	-	\$ -	-	-	9/30/2036		
Total	\$ 845,000.00	\$ 109,535.33	\$ 954,535.33	\$ 954,535.33			

CAPITAL OUTLAY 2015-2016

GENERAL FUND

ADMINISTRATION

LINE ITEM	AMOUNT
Computer/Equipment	\$3,000

DEPT. TOTALS
\$3,000

POLICE

Police Cars	60,000
Equipment, Lights, Desk	23,000
Vidd In-tec equipment	33,000
Computer Equipment	15,000
Investigative/testing Equipment	3,000
Ballistic Vests and Shields	4,000
Patrol Weapons	26,000
Improvements (one-half year, one officer)	10,000

174,000

PUBLIC WORKS

Community Building	2,000
Computer/Equipment	2,000
Public Works Items (truck, compactor, barricades)	46,000
Improvements (general)	10,000

60,000

WATER/SEWER FUND

Lift Station Repair	100,000
Meters	40,000

140,000

CAPITAL PROJECT FUND

Water- Buffalo Springs Bridge Project	70,000
Water- Meters	100,000
Wastewater - Lift Station Repairs	30,000

200,000

TOTAL

\$540,000
